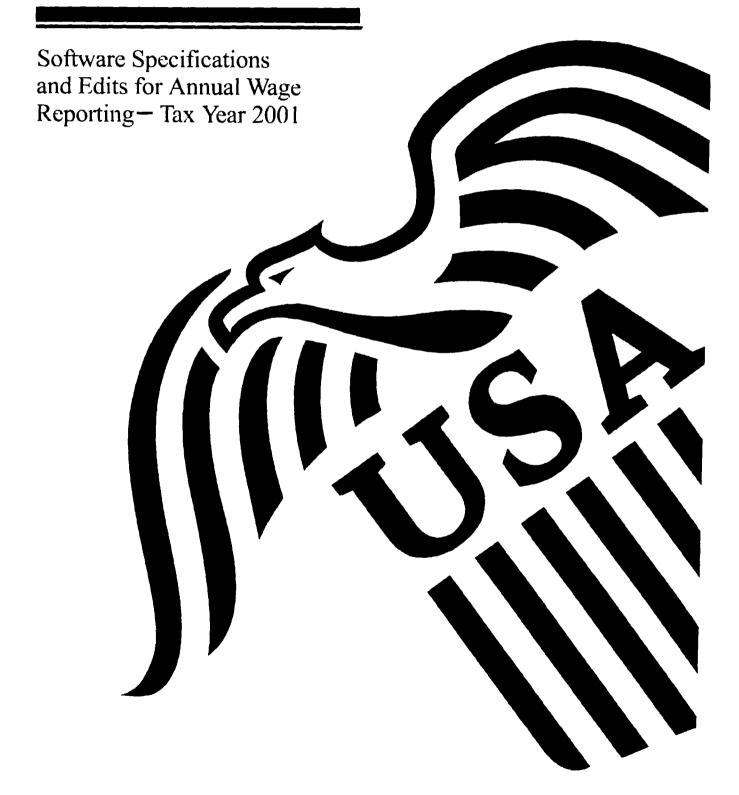
# Social Security



# SOFTWARE SPECIFICATIONS AND EDITS FOR ANNUAL WAGE REPORTING Tax Year 2001

### FOR PREPARING PAPER FORMS W-3 AND COPY A OF FORMS W-2 FOR THE SOCIAL SECURITY ADMINISTRATION



Social Security Administration
Office of Finance, Assessment and Management
Office of Financial Policy and Operations
SSA Publication No. 31-011
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ICN 436680

#### Changes to Note for Tax Year (TY) 2001

The following summarizes the significant changes to the TY 2001 instructions.

**Taxable Social Security Wage Base**: The taxable Social Security wage base increased to **\$80,400**. This change affects the standards, specifications and edits for Form W-2, boxes 3, 4 and 7. The rates for Social Security tax and Medicare tax remain 6.2 percent and 1.45 percent respectively.

<u>Preparing and Submitting Annual Wage Reports:</u> The size of the Forms W2 and W3 has been changed from 7 inches to 8 ½ inches.

**Standards Specifications and Edits:** The numbers 764 and 765 are now valid as the first three positions of an SSN.

#### Form W-2;

<u>Employee's First name and initial and Last name:</u> This entry, for box e, has been separated by a dividing line to provide more precise reporting of employee's names.

<u>All fields requiring a money amounts:</u> A preprinted dollar sign has been added to each of these fields.

**Benefits included in box 1' (previously box 12):** This reporting requirement has been removed.

**Box 12 "Codes":** This box has been reformatted to contain the information previously reported in box 13. The maximum number of entries has increased to 4.

The new code V has been added to represent income from exercise of nonstatutory stock options.

**Box 13 "Checkboxes":** Box 13 now contains check boxes previously contained in box 15. A box for third-party sick pay has been added. The boxes for deceased, legal rep and deferred compensation have been deleted and the pension plan box has been renamed retirement plan.

Advance Earned Income Credit (EIC): The maximum amount of the advance EIC increased to \$1412.00. This change affects the standards, specifications and edits for Form W-2, box 9.

#### Form W-3;

**<u>Kind of payer, box b.:</u>** The box "Third-Party Sick Pay" has been added.

For third-party sick pay use only, box 13; A new box for third-party payers of sick pay.

<u>Income tax withheld by payer of third-party sick pay box 14;</u> This box was previously box 15 and has been renumbered.

When to File: File Copy A of Forms W-2 with the entire first page of Form W-3 with SSA by February 28, 2002. DO NOT STAPLE OR TAPE Forms W-2 together or Forms W-2 to

Form W-3. These forms are machine-read. Staple holes and or tears cause the machines to jam.

**Appendix A**: The Employer Services Liaison Officers telephone numbers have been updated.

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### INTRODUCTION

#### Wage Reporting and Social Security

Every time you issue a W-2, <u>Wage and Tax Statement</u>, to one of your employees and send the corresponding Form W-2 (Copy A) to the Social Security Administration (SSA), you contribute to the amount of Social Security benefits that will one day be payable to that employee or his/her family. That's because all Social Security benefits are based on earnings that you and other employers report to SSA. Whether your employees are full-time, part-time, seasonal or temporary, all Social Security wages and tips and Medicare wages and tips reported can influence all of the following potential benefits;

• Retirement Insurance: Monthly benefits for retired workers as early as age 62;

• Disability Insurance: Monthly benefits for people of all ages, including children who have a

qualifying disability;

• Family Insurance: Monthly benefits for spouses and children of retired or disabled

workers;

• Survivors Insurance: Monthly benefits for the widow or widower, and children, of a deceased

worker; and

• Medical Insurance: Benefits to help pay for hospital bills as well as limited coverage of

skilled nursing facility stays, hospice care and other medical services.

#### The Taxes You Pay

For 2001, the employee tax rate for Federal Insurance Contributions Act (FICA) remains 7.65 percent. Of this rate, 6.2 percent finances Social Security retirement, disability and survivor's benefits while the remaining 1.45 percent finances the Medicare program. As an employer, you also match the 6.2 percent rate on the taxable wage base subject to Social Security tax and the 1.45 percent rate applicable to Medicare Wages & tips. In 2001, the wage base subject to the Social Security tax is \$80,400. There is no limit on the amount of Medicare Wages and tips that are subject to Medicare tax.

#### **Conclusion**

Accurate reporting of employees' W-2 information directly affects the eligibility for and amount of any Social Security and Medicare benefits payable to employees and their families. That is why we continually emphasize the importance of recording the right employee name, SSN and wages for each employee. Apart from providing a valuable benefit, accurate wage reporting saves employers from the productivity loss and administrative problems associated with correcting errors on W-2 forms. Accurate reporting can also save employers from the Internal Revenue Service (IRS) penalty assessments for inaccurate or late filing.

#### **CHAPTER 1 - GENERAL**

#### Purpose

This document prescribes standards, specifications and edits for software used to produce paper Form W-2, Wage and Tax Statement and paper Form W-3, Transmittal of Wage and Tax Statements. It provides employer human resource departments with guidance necessary to properly compile payroll data used to produce Forms W-2/W-3 and furnishes programmers with requirements for properly producing the physical W-2/W-3 forms. It also provides paper reporting examples which illustrate 1) the most common types of wage reporting errors we encounter and 2) the relationship between the data on Forms W-2/W-3 and Form 941, Employer's Quarterly Federal Tax Return. We encourage paper filers to use software which complies with the standards, specifications and edits in this publication. By complying with these guidelines, you can help:

- Improve the accuracy of wage records submitted to SSA;
- Reduce resources used in administering the annual wage reporting process; and
- Avoid penalties under the Internal Revenue Code for submitting late or inaccurate wage reports.

#### Background

Employers are required to submit Forms W-3 and Copy A of Forms W-2 directly to SSA for crediting employee wage records. Each year, many reports require correction by SSA, causing delays in posting data to employee wage records and problems in reconciling data between SSA and the IRS. **The most common errors are:** 

- Omitting or using an invalid Social Security Number (SSN), (See EVS on page 6);
- Omitting or using an invalid Employer Identification Number (EIN);
- Omitting or using an employee name that does not agree with the name on the employee's Social Security card, (See EVS on page 6);
- Not submitting wage reports to SSA for various reasons, such as employers (1) going out of business and not submitting Forms W-2, (2) treating an employee as a self-employed "independent contractor", (3) overlooking the need to file wage reports for household

work, or (4) not issuing Forms W-2 for wages under \$600;

- Inappropriately submitting Forms W-2, instead of filing Form W-2c, <u>Corrected Wage</u> and <u>Tax Statement</u>, to correct previously reported wage data;
- Submitting Forms W-2 (a) with the incorrect Tax Year (TY), (b) without an accompanying Form W-3 or (c) on nonstandard forms;
- Submitting reports to the incorrect address (some employers send the W-2 statements to a State taxing authority, or to the IRS, and not to SSA);
- Preparing paper W-2 forms which are not machine readable by SSA's scanning and imaging equipment; and
- Creating out-of-balance conditions between Form W-2 amounts and either
  (a) Form W-3 summary totals or (b) the sum of the four quarterly Form 941 reports
  (either SSA or IRS must resolve reconciliation discrepancies between W-2 and 941 data with employers).

#### Magnetic Media/Electronic Filing

This document does not include magnetic media filing requirements. For copies of TY 2001 magnetic media or electronic filing instructions for W-2/W-3 information and W-2c/W-3c correction information, contact your respective Employer Services Liaison Officer listed in Appendix A. You may also obtain this information via SSA's Website @ www.ssa.gov/empolyer, or by calling the SSA Employer Reporting Services Center at 1-800-772-6270.

We encourage employers who submit Form W-2 and W-3 data on paper to convert to reporting either electronically, online or via magnetic media. These methods offer faster and more accurate processing.

SSA offers electronic transmission of W-2 (Copy A) and W-3 wage and tax data via SSA's Online Wage Reporting Service (OWRS). This system accepts electronic transmissions only in formats that adhere to SSA's magnetic media or electronic specifications. For more information on electronic filing, go online to SSA's website at www.ssa.gov/empolyer or contact your Employer Services Liaison Officer (see Appendix A).

SSA also offers online transmission of W-2 (Copy A) and W-3 wage and tax data. For more information go to www.ssa.gov/employer/online2000.htm.

SSA also accepts wage reports filed via 3 ½ inch diskettes, ½ inch magnetic tape, 3480/3480E cartridge and 3490/3490E cartridge. Please contact your Employer Services Liaison Officer to obtain a copy of SSA's magnetic and electronic reporting specifications.

#### **Paper Correction Reports**

To correct previously reported Social Security or Medicare wage data you must file correction forms W-2c and W-3c. SSA Publication No. 31-031, <u>Software Specifications and Edits for Correcting Annual Wage Reports</u> contains guidelines for preparing Forms W-2c and W-3c.

Mail paper Forms W-2c/W-3c to the appropriate address (depending on the mail service used) shown below.

If United States Postal Service-Send to: If Other Carrier (e.g. FedEx, UPS)-Send to:

Social Security Administration Data Operations Center P.O. Box 3333 Wilkes-Barre, PA 18767-3333 Social Security Administration Data Operations Center Attn: W-2c Process 1150 E. Mountain Drive Wilkes-Barre, PA 18702-7997

Note: Because SSA and IRS must reconcile wage reports, if you determine that a report needs to be corrected you must also determine whether or not the correction will impact submissions made to IRS.

#### **Penalties**

The law requires IRS to consider imposing penalties based on a multi-tier system. IRS Publication 15, Circular E, Employer's Tax Guide, provides a complete description of the penalty provisions. The penalty amounts are based on when correct information is filed. SSA advises IRS of the dates of receipt of all late-filed reports, IRS determines if penalties are applicable.

#### Your Social Security Statement

**Your Social Security Statement** is a document that displays an individual's yearly earnings from the SSA earnings record, based on self-employment income or Forms W-2 provided by employers. It also provides an estimate of retirement, survivors, and disability insurance benefits an individual (and family) may be eligible for. SSA mails a copy of **Your Social Security Statement** to all eligible individuals age 25 or older annually, however individuals can request a statement from SSA at any time.

#### Employee Verification Service (EVS)

Making sure names and SSNs reported on Forms W-2 match SSA's records is important because unmatched records can result in additional processing costs for the employer and uncredited earnings for employees. An excellent way to help eliminate these errors is to use SSA's EVS to verify the proper name and SSN relationship. EVS is ideal for employers who want to verify an entire payroll database of more than 50 workers at a time by matching employee names and SSNs with SSA records.

To use EVS, first register with SSA, then submit the requests on diskette, magnetic tape, 3480 or 3490 cartridges or paper. Requests can be submitted year-round and generally take about 30 days to process, although requests may take longer depending on the time of year they're submitted. An EVS hotline, (410) 965-7140, is available to answer questions, or call your Employer Services Liaison Officer (see Appendix A).

To verify smaller groups of numbers (one to five names) without using EVS, contact SSA's, Employer Reporting Service Center, 1-800-772-6270 or SSA's Telephone Service Center at 1-800-772-1213. For larger groups of numbers (up to 50 names) contact your local SSA office.

**Note**: Any information the employer receives from SSA's records is governed by the Federal Privacy Act, 5 USC 552a(I). Under the Act, anyone who obtains this information under false pretenses or uses it for purposes other than that for which it was requested, may be punished by a fine or imprisonment or both.

#### Criteria for Producing Paper Annual Wage Reports

- 1. Software used to produce the forms should automatically enter required information, such as employer and employee names, addresses, SSNs and EINs, etc. This information should be obtained from verified information in an employer's personnel and company records and should not need to be reentered during preparation of each report.
- 2. W-2 data for each employer should be segregated based on type of employment (e.g., regular Social Security tax employment versus Medicare Qualified Government Employment (MQGE)). There should be one W-2 submission for each type of employment. W-2s for each type of employment should be accompanied by a W-3 indicating the corresponding type of employment (kind of payer). However, in certain situations State and Local government employers have the option of reporting employee wages and tax withheld on either a combined or split-report basis, (see page 46).
- 3. Information should be entered in all appropriate blocks, items or data fields for the type of employment being reported.
- 4. Software must not permit generating W-3 entries before all corresponding W-2 entries are prepared.
- 5. Repetitive information, such as the employer's name, address, and EIN should be checked for consistency before preparing the forms.
- 6. Only alphabetic or numeric information should be entered. Impossible SSNs or EINs should be screened out.
- 7. Employee tax withholding amounts should be consistent with the taxable wages and rates for Social Security or Medicare.
- 8. Special payment amounts must be included as Social Security wages and Medicare wages. See IRS publication 15A for further information.
- 9. Use W-3 control totals to match and reconcile the annual sum of quarterly line item amounts reported on IRS Form 941 or comparable forms for the same TY and same EIN.
- 10. The W-3 report which corresponds to Forms W-2 (Copy A) should reflect aggregate W-2 money amounts since you are no longer required to subtotal your Forms W-2.

#### Electronic Access

You can obtain additional copies of this SSA publication by using a personal computer and modem to access the SSA Online Wage Reporting Service (OWRS) at (410) 966-4105. Internet subscribers can read and print this publication directly from the Employer Information section of SSA Online @ www.ssa.gov

#### *Inquiries*

- Operational or technical questions should be directed to your respective Employer Services Liaison Officer listed in Appendix A.
- Tax questions or questions on tax law and regulations (including calculating amounts which are to be reported) must be addressed to the IRS Information Reporting Program Call Site at telephone number 1-304-263-8700 (Not a Toll Free Number).
- Employers with questions concerning the SSA and IRS reconciliation of W-2 data, Medicare reporting error notices and or questions concerning magnetic media filing may contact the SSA at 1-800-772-6270 on weekdays from 7 a.m. to 7 p.m. (Eastern Time).

#### **Comments**

Comments or suggestions regarding this document should be forwarded to the:

Social Security Administration
Office of Financial Policy and Operations
ATTN: AWR Software Standards
P.O. Box 17195
Baltimore, MD 21297-1195

## **CHAPTER 2** EMPLOYER CHECKLIST

The following checklist contains a number of basic steps you should take to help report accurately.

# Recording and Verifying Social Security Numbers []Always ask to see a job applicant's Social Security card to ensure that the name and SSN agree with the information recorded on the job application. If different, ask the applicant to visit a Social Security office to clear up any discrepancies. Record the name and SSN accurately. []Keep a photocopy of the employee's Social Security card in the employee's personnel records.

#### Preparing and Submitting Annual Wage Reports

[]Use either the IRS official Forms W-2 and W-3 or privately printed substitute Forms W-2 and W-3. SSA accepts only 8 ½ inch wide Forms W-2 and W-3. All privately-printed, substitute Forms W-2 and W-3 must adhere to the specifications contained in IRS publication 1141 Rules and Specifications for Private Printing of Substitute Forms W-2 and W-3.

Here are several reminders on the specifications for creating substitute Forms W-3 and W-2 and the entry of data on all forms.

- 1. Margins: Do not print, write or enter any data in the margins of the form(s). These areas are used for control information during SSA's processing.
- Printing the Form(s): Beginning with tax year 2001 forms can be laser printed in black and white; see IRS publication 1141 for rules and specifications. All other printing of Forms W-3 and W-2 will be in red Optical Character Recognition (OCR) dropout ink, except for the form identifying numbers '22222' or '33333' at the top and the descriptive information at the bottom (including the tax year) which will be printed in nonreflective black ink. The font used to print data on Forms W-3 and W-2 should be very dark, 12-point courier. Do not use script, inverted, italics and/or dual case fonts when preparing the forms. Do not use inks that contain red pigment on forms that contain employer provided information.
- Paper Requirements: Paper for privately-printed, substitute forms (cut sheets and

continuous pinfeed forms) that are to be filed with SSA must be white 100 percent bleached chemical wood, **18-20 pound paper only**, OCR bond with specific weight requirements. The forms must be produced in accordance with the detailed specifications of IRS Publication No. 1141.

#### 4. <u>Data Entry</u>:

- Entries on the Forms W-3 and W-2 should be typed or machine printed whenever possible.
- The data entered must be presented in clear, <u>dark</u> images to guarantee machine scannable forms.
- Insert data in the middle of the blocks and be sure they are separated from other printing.
- 5. <u>Separating the Forms</u>: Continuous pin-feed forms should be separated at the page perforation into individual 11 inch deep pages (i.e., 2 Forms W-2 or 1 Form W-3 per page) in accordance with IRS Publication 1141. When separating forms, keep them in order and submit them in the order printed. **Note**: Cutting individual Forms W-2 to create two separate forms causes processing problems.
- 6. Mail all paper Forms W-3 and W-2 (copy A) to the appropriate address (depending on the mail service used) shown below.

If United States Postal Service-Send<br/>to:Other IRS Approved Private Delivery<br/>Service-Send to:Social Security Administration<br/>Data Operations Center<br/>Wilkes-Barre, PA 18769-0001<br/>(For certified mail use ZIP code<br/>18769-0002)Social Security Administration<br/>Data Operations Center<br/>Attn: W-2 Process<br/>1150 E. Mountain Dr.<br/>Wilkes-Barre, PA 18702-7997

- [] Ensure that a Form W-3 accompanies each "Kind of Payer" group of W-2's submitted.
- [] Check that the EIN is the number issued by the IRS and that it is consistently reported on all three Forms W-2, W-3 and 941.
- [] Balance Forms W-2 with data on the Form W-3 and Form 941. To assure proper balancing when reporting:
  - 1. The Social Security wages and tips reported on the Forms W-2 should (a) equal the total Social Security wages and tips reported on the accompanying Form W-3 and (b) equal the annual sum of the quarterly amounts reported to IRS for Social Security wages and tips on Forms 941, and

- 2. Medicare wages and tips reported on the Forms W-2 should (a) equal the total Medicare wages and tips reported on the accompanying Form W-3 and (b) equal the annual sum of the quarterly amounts reported to IRS for Medicare wages and tips on Forms 941.
- [] Send Forms W-3 and Forms W-2 (Copy A only) to SSA not IRS or other destinations.
- [] Make sure the same tax year is shown on both Forms W-3 and W-2 (Copy A).
- [] If you terminate your business you must file Forms W-2 with the SSA by the end of the second month after the end of the quarter for which the final Form 941 is filed. Additionally, you must provide Form(s) W-2 to your employees for the calendar year of termination by the date your final Form 941 is required to be filed. **Note:** Even if IRS gives you an extension of time to file Forms W-2 (Copy A) and Form W-3, you must still furnish Form W-2 to your employees by January 31, 2002 unless you request an extension of time to provide Forms W-2 to employees (see below).
- [] You may request an extension of time for filing Form W-2 (Copy A) by sending IRS Form 8809, Request for Extension of Time to File Information Returns, to the address shown on that form. To obtain this form, contact your local IRS office or call 1-800-829-3676. For your request to be considered, it must be postmarked on or before the due date of the returns. If approved, you will have an additional 30 days to file. See IRS Form 8809 for more details. Note: Please do not contact SSA to request an extension.
- [] If you file Forms W-2 on behalf of other employers in an "Agent" capacity (after filing Form 2678 with the IRS), please remember to:
  - 1. Report on Forms 941 throughout the tax year, the wage and tax data for <u>all</u> employers (including the "agent" if the "agent" is also an employer) for which the "agent" is assuming a reporting responsibility and use the "agent" name and EIN on the Forms 941;
  - 2. Enter the "Agent's" EIN in box b and the "Agent's" Name and Address in box c of the Forms W-2 (Exception: When an employee's total Social Security wages exceed the taxable Social Security wage base, enter the "Agent's" name, "Agent for" Employer's Name, and "Agent" Address in box c and the "Agent's" EIN in box b);
  - 3. Enter the ["Agent" Name] in box f, ["Agent" Address] in box g and the "Agent's" EIN in box e of Form W-3; and
  - 4. Submit all Forms W-2 prepared on behalf of the other employers (and your own if you are also an employer) under one W-3 transmittal.

**Note**: Refer to "Agent" Reporting in Chapter 4 (beginning on page 95) for further explanation and examples.

#### **Post-Reporting Activities**

- [] <u>Do not submit paper Forms W-2 (Copy A) and/or Forms W-3 that contain the same information submitted to SSA on magnetic media, or electronically.</u>
- [] If, after submitting Forms W-2 and W-3, you identify differences between the Social Security wages/tips and Medicare wages/tips reported to SSA and the information reported to IRS, evaluate whether you should submit correction reports to SSA (Forms W-3c and W-2c) and/or to IRS (Form 941c). Retain copies of this information with your tax records.
- [] Use a W-2c and W-3c to correct prior report submissions, do not use a new Form W-2 or W-3.

#### **Ongoing Activities**

- [] Remind employees to promptly report any name changes (marriages, divorces, etc.,) by completing and submitting a new SSA Form SS-5, <u>Application for a Social Security Card</u> to SSA so their earnings can be credited to their earnings record. To obtain a SSA Form SS-5, use the SSA web site; *SSA Online* at www.ssa.gov or call SSA's toll free number 1-800-772-1213 between 7 a.m. and 7 p.m. any business day. Employers can call the same toll-free number to obtain a supply of SSA Form SS-5.
- [] Encourage employees to a) verify basic Form W-2 information each year, particularly their name and SSN and report any errors promptly, and b) retain their copy of Forms W-2 to ensure proper credit of earnings to their SSA record.

# CHAPTER 3 STANDARDS, SPECIFICATIONS AND EDITS

#### Introduction

This Chapter provides standards, specifications and edits for preparing paper Forms W-3 and W-2 (Copy A) for SSA. These criteria are segregated to address two audiences - (1) employer human resource departments and (2) software developers who write software used to produce the paper wage and tax statements.

The standards for human resource departments outline data for the employer and the employee, as well as employee wage and tax data which employers should compile for use in preparing paper Forms W-3 and copy A of Forms W-2. These standards are comprised of guidelines which identify what data to compile, describe what the data should represent and specify certain characteristics which may identify suspect or incorrect data. Employers should adopt these guidelines to help ensure the accuracy of payroll data used in wage and tax statement reporting.

The specifications and edits constitute guidelines for software developers who write programs which produce the W-2 and W-3 paper forms. These guidelines prescribe which data to print in each Form W-2/W-3 box, data entry content requirements, data entry formats and edits which may identify suspect or incorrect entries. Software developers should incorporate these specifications and edits in their software for paper forms to help ensure accurate annual wage reporting.

The standards, specifications and edits which follow are designated as either required or optional. Items designated as required on Forms W-3 and Copy A of Forms W-2 constitute data required to be submitted to SSA for either (1) use by SSA for programmatic purposes and/or (2) accumulation and transmission to IRS for tax processing and enforcement purposes. Items designated as optional constitute data not required to be submitted to SSA which may be required on copies of Forms W-2 submitted to employees or state & local entities.

NOTE: The Official instructions for preparing paper Forms W-2 and W-3 are published by the IRS as "Instructions for Forms W-2 and W-3".

<u>W-2</u> <u>BOX</u>	<u>REQUIRED-R</u> <u>OPTIONAL-O</u>	<u>NAME/</u> DESCRIPTION	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
a.	0	Control Number.	May be used to identify individual Forms W-2. Note: To avoid scanner identification problems, SSA prefers that a control number not be printed on Form W-2 (Copy A). However, if used, please keep the data within the box.	Not required by SSA.
	R-If Applicable	Void	Place an "X" in this box when an error is made on Form W-2 and voided because a new Form W-2 has been completed. Do not include any amounts shown on void forms in the totals entered on Form W-3.	This box must either be blank or contain an "X".
ь	R	Employer Identification Number (EIN)	Enter the 9 digit number assigned by the IRS.  a. Entry should be shown as 10 positions, all numerics and one hyphen in position 3 (e.g., 00-0000000). Use the same EIN used in preparing Federal employment tax returns (e.g., Form 941 or Form 943, Employer's Annual Tax Return for Agricultural Employees).  b. The first two left-most positions cannot be 00, 07, 08, 09, 10, 17, 18, 19, 20, 26, 27, 28, 29, 30, 40, 49, 50, 60, 69, 70, 78, 79, 80, 89, 90. Additionally, the EIN cannot be 12-3456789.  c. Place the EIN of the "agent" in this box if an "agent" prepared the Form W-2 for	<ul> <li>This is the 9 digit number assigned by the IRS.</li> <li>a. Must be 10 positions.</li> <li>b. Hyphen only in position 3.</li> <li>c. Positions 1, 2 and 4 through 10 must be numeric.</li> <li>d. The first two left-most positions cannot be: 00, 07, 08, 09, 10, 17, 18, 19, 20, 26, 27, 28, 29, 30, 40, 49, 50, 60, 69, 70, 78, 79, 80, 89, 90.</li> <li>e. The EIN cannot be 12-3456789.</li> </ul>

<u>W-2</u> <u>BOX</u>	<u>REQUIRED-R</u> <u>OPTIONAL-O</u>	<u>NAME/</u> <u>DESCRIPTION</u>	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
			another employer. Apply the same rules as in a. and b. above.	
C.	R	Employer's Name Address and ZIP Code.	<ul> <li>a. Show the employer's full name, address and ZIP code.</li> <li>b. If an "agent" prepared the Form W-2 for another employer, show the agent's name (as registered with the IRS) on the first line. On the next lines, show the address of the "agent". Exception: If any employee's aggregate Social Security wages exceed the Social Security wage base for the reporting year, then show the "agent's" name (as registered with the IRS) on the first line, the name of the company for which the employee was paid wages on the second line preceded by the words "Agent for", and on the next lines, show the "agent's" address.</li> <li>See "Agent" Reporting in Chapter 4.</li> </ul>	Free-form.
d.	R	Employee's Social Security Number	Enter the employee's Social Security Number (SSN) in an 11 position format; 9 numrics with hyphens in positions 4 and 7 (e.g., 000-00-0000). The following are impossible SSN's; 111-11-1111, 333-33- 3333, 123-45-6789 or any SSN having 000, 666, 729 through 749 or 766 through 999 as the first three digits.	<ul> <li>a. Must be 11 positions</li> <li>b. Hyphen in positions 4 and 7 only.</li> <li>c. Numeric in all other positions.</li> <li>d. Cannot be all ones, all threes, or 123-45-6789.</li> <li>e. The first three positions for any SSN cannot be 000, 666, 729 through 749 or 766 through 999.</li> </ul>

<u>W-2</u> BOX	<u>REQUIRED-R</u> OPTIONAL-O	<u>NAME/</u> DESCRIPTION	<u>STANDARDS FOR HUMAN</u> RESOURCE DEPARTMENTS	<u>SPECIFICATIONS AND EDITS</u> FOR SOFTWARE DEVELOPERS
=	·			
е.	R	Employee's First name and initial / Last name	Enter the name as shown on the employee's Social Security card. Format as first name, middle initial, in the first half of box e and last name in the second half. Exclude titles in prefixes or suffixes. Care should be taken when providing entries with compound surnames. Parts of compound surnames must be connected with a hyphen. For example:  a. Maria Rodriguez-de-Perez properly displays a first name (Maria), no middle initial, and a compound surname (Rodriguez-de-Perez);  b. Maria Elena Rodriguez-de-Perez properly displays a first name (Maria) a middle initial of E (for the middle name Elena) and a compound surname (Rodriguez-de-Perez).  c. Diego Garcia-y-Vega properly displays a first name (Diego), no middle name, and a compound surname of (Garcia-y-Vega).  d. Additional examples:  Susan B. Smith Johnson, enter Susan B Smith-Johnson  Maria Mercedes Sancho Davila, enter Maria M Sancho-Davila	First, middle initial, last.
L	<u> </u>	<u> </u>	1 MARIA IN DANIONO DANIA	<u></u>

<u>W-2</u> <u>BOX</u>	<u>REQUIRED-R</u> <u>OPTIONAL-O</u>	<u>NAME/</u> <u>DESCRIPTION</u>	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
			Jose Ramon Lopez Gonzales, enter Jose R Lopez-Gonzales	
			Ivan Ramirez Arellano (no middle name), enter Ivan Ramirez-Arellano	
			Catherine L. Smith Le May, enter Catherine L Smith-Le-May	
			Gloria M. Rodriquez de Perez, enter Gloria M Rodriquez-de-Perez	·
			Single-letter prefixes such as O or D must not be separated from the rest of the surname by a blank, but should be connected by an apostrophe or joined to the rest of the surname. For example:	
			Grace H. O'Malley, enter Grace H O'Malley or Grace H OMalley	
			Anthony D'Angelo (no middle name), enter	
			Anthony D'Angelo or Anthony DAngelo	

<u>W-2</u> <u>BOX</u>	<u>REQUIRED-R</u> <u>OPTIONAL-O</u>	<u>NAME/</u> DESCRIPTION	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
f.	R	Employee's Address and ZIP Code.	Enter the employee's full address and ZIP Code.	Free-form.
1	R	Wages, Tips, Other Compensation.	<ul> <li>a. Calculate (excluding elective deferrals) (except section 501(c)(18) contributions), before any payroll deduction, the following: (1) Total wages paid during the year. (2) All tips reported, exclusive of those classified as allocated tips. (3) All non-cash payments (including fringe benefits).</li> <li>(4) Report distributions from nonqualified deferred compensation plans and section 457 plans.</li> <li>(5) Dependent care benefit amounts incurred on behalf of employees in excess of the \$5,000 exclusion.</li> <li>(6) All other compensation; e.g., taxable payments for moving expenses, certain scholarships or fellowship grants, reimbursements for employee expenses exceeding amounts treated as substantiated, the cost of group- term life insurance coverage provided to an employee in excess of \$50,000, the cost of accident and health insurance premiums paid on behalf of 2% or more shareholder- employees by an S corporation,</li> </ul>	<ul> <li>a. Must be dollars and cents (numerics and decimal point only-No dollar signs (\$) or commas).</li> <li>b. Decimal point must be shown even when the entry is even dollars.</li> <li>c. Cannot be a negative amount.</li> <li>d. Cannot be blank.</li> </ul>

<u>W-2</u> <u>BOX</u>	<u>REQUIRED-R</u> <u>OPTIONAL-O</u>	<u>NAME/</u> DESCRIPTION	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
			taxable benefits made from a Section 125 plan (i.e., employee chooses cash) etc. b. The entry must be a numeric value only and cannot be a negative amount. c. A dollar sign (\$) should not be added to the entry.	
NOTE		at constitutes wages, tips and other litional guidance (see Appendix B);	compensation, see IRS Instructions for Form W-2.	Please contact IRS for copies of
NOTE:				Please contact IRS for copies of

entry.

3	R-Based on Type	Social Security Wages.	For employment where wages are subject to
	of Employment		the 6.2 percent Social Security tax.
			a. Calculate the total Social Security wages

- a. Must be dollars and cents (numerics and decimal point only-No dollar signs (\$) or commas).
- b. Decimal point must be shown even when

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paid (before payroll deductions).

c. A dollar sign (\$) should not be added to the

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<u>W-2</u>	REQUIRED-R	<u>NAME/</u>	STANDARDS FOR HUMAN	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
<u>BOX</u>	OPTIONAL-O	DESCRIPTION	RESOURCE DEPARTMENTS	
			Exclude Social Security tips and allocated tips.  b. The amount cannot exceed the maximum Social Security taxable wage base amount of \$80,400 for tax year 2001.  c. The entry must be a numeric value only and cannot be a negative amount.  d. A dollar sign (\$) should not be added to the entry.	the entry is even dollars.  c. Cannot be a negative amount.  d. When the amount is zero, leave the box blank.  e. Cannot exceed \$80,400 for tax year 2001.  f. Cannot include entry when type of employment is MQGE or RRTA.  g. If box 3 contains an entry, then (a) box 4 must contain an entry and/or box 13 must contain an entry preceded by an alpha code "M" and (b) box 5 must contain an entry.

NOTE: See IRS Instructions for Form W-2 for more information on Form W-2, Box 3 requirements. Please contact IRS for copies of its instructions and additional guidance (see Appendix B); do not contact SSA.

1 1	R-Based on Type of Employment	Social Security Tax Withheld.	For employment where wages are subject to the 6.2 percent Social Security tax.  a. Calculate the total employee Social Security tax (not the employer share) withheld or paid for the employee up to a maximum of \$4984.80 for tax year 2001.  b. The entry must be a numeric value only and cannot be a negative amount.  c. A dollar sign (\$) should not be added to the entry.	<ul> <li>a. Must be dollars and cents (numerics and decimal point only-No dollar signs (\$) or commas).</li> <li>b. Decimal point must be shown even when the entry is even dollars.</li> <li>c. Cannot be a negative amount.</li> <li>d. When the amount is zero, leave the box blank.</li> <li>e. Must be the lesser of 6.2 percent of the total amount of boxes 3 and 7 combined or \$4984.80 for tax year 2001.</li> <li>f. Cannot contain an entry when the type of employment is MQGE or RRTA.</li> </ul>
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<u>W-2</u> <u>REQUIRED-R</u> <u>OPTIONAL-O</u> <u>NAME/</u> DESCRIPTION STANDARDS FOR HUMAN RESOURCE DEPARTMENTS SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS

NOTE: See IRS Instructions for Form W-2 for more information on Form W-2, Box 4 requirements. Please contact IRS for copies of its instructions and additional guidance (see Appendix B); do not contact SSA.

5	R-Based on Type	Medicare Wages and Tips.	For employment where wages and tips are	a.	Must be dollars and cents (numerics and
Ì	of Employment		subject to the 1.45 percent Medicare tax.		decimal point only-No dollar signs (\$) or
			a. Calculate the total employee Medicare		commas).
	ļ		wage and tip amount.	b.	Decimal point must be shown even when
			b. The entry must be a numeric value only	•	the entry is even dollars.
	ł		and cannot be a negative amount.	c.	Cannot be a negative amount.
			c. A dollar sign (\$) should not be added to	d.	When the amount is zero, leave the box
			the entry.		blank.
1			d. Note: There is no limit on the amount of	e.	Must be blank if type of employment is
Ì			Medicare wages and tips. This amount	l	RRTA.
			should represent all wages, tips and other	f.	If box 5 contains an entry, then (a) box 6
			compensation (Box 1) plus elective	}	must contain an entry and/or (b) box 12
			deferrals to (1) certain qualified cash or	1	must contain an entry preceded by an alpha
			deferred compensation arrangements and	į	"B" or "N".
1			(2) retirement arrangements reported in	g.	This entry must equal or exceed the
			Box 12 (codes D, E, F, G and S). Also		combined entries of boxes 3 and 7.
1			include both elective and non-elective		
1			deferrals for section 457 plans (reported		
			in Box 12 code H).		
	<u> </u>				
6	R-Based on	Medicare Tax Withheld.	For employment where wages and tips are	a.	Must be dollars and cents (numerics
	Type of		subject to the 1.45 percent Medicare tax	<u> </u>	and decimal point only-No dollar

<u>W-2</u>	REQUIRED-R	<u>NAME/</u>	STANDARDS FOR HUMAN	<u>SPECIFICATIONS AND EDITS</u>
<u>BOX</u>	OPTIONAL-O	DESCRIPTION	RESOURCE DEPARTMENTS	<u>FOR SOFTWARE DEVELOPERS</u>
	Employment		Note: There is no limit on the amount of Medicare wages and tips that are subject to Medicare tax.  a. Calculate the total employee Medicare tax withheld.  b. The entry must be a numeric value only and cannot be a negative amount.  c. A dollar sign (\$) should not be added to the entry.	<ul> <li>signs(\$)).</li> <li>b. Decimal point must be shown even when the entry is even dollars.</li> <li>c. Cannot be a negative amount.</li> <li>d. When the amount is zero, leave the box blank.</li> <li>e. Cannot exceed 1.45 percent of the money amount entered in box 5.</li> <li>f. Cannot contain an entry if box 5 is blank (i.e., value of zero).</li> <li>g. Cannot contain an entry when the type of employment code is RRTA.</li> </ul>

NOTE: See IRS Instructions for Form W-2 for more information on Form W-2, Box 5 and Box 6 requirements. Please contact IRS for copies of its instructions and additional guidance (see Appendix B); do not contact SSA.

7	R-Based on Type of Employment	Social Security Tips.	For employment where tips are subject to the 6.2 percent Social Security tax.  a. Calculate the amount the employee reported. Exclude allocated tip amounts.  b. Limit the entry to the lesser of:  (1) actual Social Security tips or (2) the	<ul> <li>a. Must be dollars and cents (numerics and decimal point only—No dollar signs(\$)).</li> <li>b. Decimal point must be shown even when the entry is even dollars.</li> <li>c. Cannot be a negative amount.</li> <li>d. When the amount is zero, leave the box</li> </ul>
			Social Security wage amount subtracted from \$80,400.  c. The entry must be a numeric value only and cannot be a negative amount.  d. A dollar sign(\$) should not be added to the entry.	blank.

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<u>W-2</u> <u>BOX</u>	<u>REQUIRED-R</u> <u>OPTIONAL-O</u>	<u>NAME/</u> DESCRIPTION	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
				g. If box 7 contains an entry, then (a) box 4 must contain an entry and/or box 12 must contain an entry with an alpha code "A" and (b) box 5 must contain an entry.
Norte:		or Form W-2 for more information in B); do not contact SSA.	on on Form W-2, Box 7 requirements. Please contact	IRS for copies of its instructions and additional
8	R-If Applicable	Allocated Tips.	<ul> <li>a. Calculate the amount of tips allocated to the employee. Exclude amounts classified as (1) wages, tips and other compensation, (2) social security wages, (3) social security tips or (4) the amount included as tips in box 5 "Medicare wages and tips".</li> <li>b. The entry must be a numeric value only and cannot be a negative amount.</li> <li>c. A dollar sign (\$) should not be added to the entry.</li> </ul>	<ul> <li>a. Must be dollars and cents (numerics and decimal point only—No dollar signs (\$) or commas).</li> <li>b. Decimal point must be shown even when the entry is even dollars.</li> <li>c. Cannot be a negative amount.</li> <li>d. When the amount is zero, leave the box blank.</li> </ul>
NOTE:			nal Information Return of Tip Income and Allocated Tructions and additional guidance (see Appendix B); il	
9	R-If Applicable	Advanced EIC Payment.	a. Calculate the total amount paid to the employee as advance earned income credit	a. Must be dollars and cents (numerics and decimal point only—No dollar signs (\$) or

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SOFTWARE SPECIFICATIONS AND EDITS FOR ANNUAL WAGE REPORTING

<u>W-2</u> <u>BOX</u>	<u>REQUIRED-R</u> <u>OPTIONAL-O</u>	<u>NAME/</u> DESCRIPTION	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
			<ul> <li>\$1457.00 for tax year 2001.</li> <li>b. The entry must be a numeric value only and cannot be a negative amount.</li> <li>c. A dollar sign(\$) should not be added to the entry.</li> </ul>	<ul> <li>b. Decimal point must be shown even when the entry is even dollars.</li> <li>c. Cannot be a negative amount.</li> <li>d. When the amount is zero, leave the box blank.</li> <li>e. Cannot exceed \$1457.00 for tax year 2001.</li> </ul>
10	R-If Applicable	Dependent Care Benefits.	<ul> <li>a. Calculate the total amount of dependent care benefits under Section 129 of the Internal Revenue Code or a section 125 plan paid or incurred by you for the employee. The amount entered should include any amount in excess of the \$5,000 exclusion.</li> <li>b. The entry must be a numeric value only and cannot be a negative amount.</li> <li>c. A dollar sign (\$) should not be added to the entry.</li> </ul>	<ul> <li>a. Must be dollars and cents (numerics and decimal point only—No dollar signs (\$) or commas).</li> <li>b. Decimal point must be shown even when the entry is even dollars.</li> <li>c. Cannot be a negative amount.</li> <li>d. When the amount is zero, leave the box blank.</li> </ul>

NOTE: See IRS instructions for Form W-2 for more information on Form W-2, box 10 requirements. Please contact IRS for copies of its instructions and additional guidance (see Appendix B); Do not contact SSA.

11	R-If Applicable	Nonqualified Plans.	a. Calculate:	a. Money amounts must be shown as dollars
1	1	_	(1) The amount of distributions to an	and cents (numerics and decimal point
Ì	İ		employee from a nonqualified deferred	only—No dollar signs (\$) or commas).
			compensation plan and/or a Section 457	b. Decimal point must be shown even when the
			plan (this amount should be included as	entry is even dollars.
ł			wages, tips and other compensation in box	c. Cannot be a negative amount.

<u>W-2</u> <u>BOX</u>	<u>REQUIRED-R</u> <u>OPTIONAL-O</u>	<u>NAME/</u> DESCRIPTION	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
			<ol> <li>and,</li> <li>Amounts deferred under a nonqualified plan which became taxable during the tax year, based on the later of (a) when the services giving rise to the deferral are performed or (b) when there is no substantial forfeiture risk of the rights to the deferred amount (this amount should be included as Social Security wages in box 3 and Medicare wages in box 5).</li> <li>If the amount calculated represents only a Section 457 plan distribution, data should exist which permits associating this amount with an alpha code of "G".</li> <li>The money amount entry must be a numeric value only and cannot be a negative amount.</li> <li>A dollar sign (\$) should not be added to the entry.</li> </ol>	<ul> <li>d. When the amount is zero, leave the box blank.</li> <li>e. If this amount represents only a section 457 plan distribution, the entry must be preceded by an alpha code "G" and at least one blank space.</li> <li>f. Can contain only one entry.</li> </ul>
12	R-If Applicable	Codes	<ul> <li>a. Calculate money amounts for any one or more of the following, where applicable to the employee: <ol> <li>Uncollected Social Security or RRTA taxes on employee tips.</li> <li>Uncollected Medicare tax on employee tips.</li> </ol> </li> <li>(3) Cost of Group-term life insurance coverage provided to the employee in excess of \$50,000.</li> </ul>	<ul> <li>a. Must be either (1) an upper case alpha reference code ("A" through "H", "J" through "N", "P" through "T" and/or "V") followed by at least one space and a money amount entered to the right of the vertical line on the form.</li> <li>b. Money amounts must be shown as dollars and cents, with a decimal point only—No dollar signs (\$) or commas.</li> <li>c. Decimal point must be shown even when the</li> </ul>

<u>W-2</u>	<u>REQUIRED-R</u>	<u>NAME/</u>	STANDARDS FOR HUMAN	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
<u>BOX</u>	<u>OPTIONAL-O</u>	<u>DESCRIPTION</u>	RESOURCE DEPARTMENTS	
			(4) Contributions (total elective deferral an any excess) to any of the following types of deferred compensation plans: Sections 401(k), 403(b), 408(k)(6), 457(b) and 501(c)(18)(D). Note: For section 457(b) plans, (a) include both elective and non-elective deferrals and (b) exclude amounts subject to a substantial risk of forfeiture.  (5) Employee sick pay not included as income in box 1, 3 and 5.  (6) The 20 percent excise tax on excess "golden parachute" payments.  (7) When employee business expense reimbursements exceed amounts substantiated under IRS rules, report the portion of the reimbursements which are treated as substantiated (i.e. the nontaxable portion).  (8) Uncollected Social Security or RRTA tax on group-term life insurance provided to former employees (including retirees) in excess of \$50,000.  (9) Uncollected Medicare tax on group-term life insurance provided to former employees (including retirees) in excess of \$50,000.  (10) Excludable reimbursements paid directly to an employee for moving	e. When the amount is zero, leave the box blank.  f. This box can contain up to 4 entries.  g. If more than 4 entries are designated for this box, another W-2 form must be printed (for the remaining entries) containing only;  (1) The same non-monetary data printed in boxes b, c, d, e and f on preceding W-2 form for that employee, and(2) The remaining box 12 entries (up to 4 for each additional form).

<u>W-2</u> <u>BOX</u>	<u>REQUIRED-R</u> <u>OPTIONAL-O</u>	<u>NAME/</u> <u>DESCRIPTION</u>	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS  SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
			expenses incurred.  (11) If you're a military employer and provide your employee with basic quarters and subsistence allowances, or combat zone pay, report the amount.
			(12) Employer contributions to a medical savings account for the employee.  Any employer contributions not excludable from the employee's gross income must also be included in box 1.
			(13) Employees salary reductions to a SIMPLE retirement account. Show the amount deferred under a section 408(p) salary reduction SIMPLE retirement account. However, if the SIMPLE is part of a section 401(k) arrangement, the amount is reported
			using code D.  (14) The total amount paid or expenses incurred by an employer for qualified adoption expenses furnished to an employee under an adoption assistance program. Also include benefits from the pre-tax contributions made by the employee to a section 125 adoption
			plan account.  (15) Income from the exercise of nonstatutory stock options included in boxes 1, 3 and 5.

$\frac{W-2}{BOX}$	<u>REQUIRED-R</u> OPTIONAL-O	<u>NAME/</u> DESCRIPTION	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
BOX				
			Item 12a(13)S Item 12a(14)T	

<u>W-2</u> <u>BOX</u>	<u>REQUIRED-R</u> <u>OPTIONAL-O</u>	<u>NAME/</u> <u>DESCRIPTION</u>	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
	1		Item 12a(15)V	
NOTE:	See IRS instructions for additional guidance (se	or Forms W-2 for more inforce Appendix B); do not con	mation on Form W-2, Box 12 requirements. Please contact SSA.	et IRS for copies of its instructions and
13	R-if applicable	Checkboxes	<ul> <li>Mark all checkboxes that apply to designate one or more of the following:</li> <li>a. Statutory employee – if there are earnings subject to Social Security tax and medicare tax but not Federal income tax.</li> <li>b. Retirement plan – if employee was an active participant (for any part of the year) in a retirement plan. Exclude contributions to nonqualified plans or 457 plans in determining whether this box should be marked.</li> <li>c. Third-party sick pay – Mark this box if you are a third-party sick pay payer filing a Form W-2 for an insured's employee.</li> </ul>	Must contain an "X" in the box(es) that apply.
14	0	Other.	For employer use. This box may be used for any other information you want to give your employee. Please label each box. Examples are:  a. Union dues. b. Health insurance premiums deducted. c. Education assistance payments.	Not required by SSA.

W-2 REQUIRED-R OPTIONAL-O

<u>NAME/</u> DESCRIPTION STANDARDS FOR HUMAN RESOURCE DEPARTMENTS SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS

NOTE: See IRS Instructions for Form W-2 for more information on Form W-2, Box 14 requirements. Please contact IRS for copies of its instructions and additional guidance (see Appendix B); do not contact SSA.

15-20	0	State or Local Income Tax	Not required by SSA.	Not required by SSA.
		Information.		

<u>W-3</u> <u>BOX</u>	<u>REQUIRED-R</u> <u>OPTIONAL-O</u>	<u>NAME/</u> DESCRIPTION	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
a.	0	Control Number.	Not required by SSA. For employer's purposes. May be used for numbering the whole transmittal. Note: To avoid scanner identification problems, SSA prefers that a control number not be printed on the Form W-3. However, if used, please keep the data within the box.	Not required by SSA.
b.	R	Kind of Payer.	Software should produce data which identifies one of the following corresponding types of employment for the accompanying W-2 data:  a. Agriculture (Box 943).  b. Household (Box Hshld emp.).  NOTE: All household employers, even those with only one employee, must file Form W-3 with their Form(s) W-2.  c. Military.  d. Medicare Qualified Government Employee (Box Medicare govt. emp.)  e. Railroad (RRTA) (Box CT-1).  f. Third- Party Sick pay.  g. All others (regular) (Box 941).	<ul> <li>a. Must contain an "X" in the box that applies.</li> <li>b. Can contain only one "X" unless the second marked checkbox is "Third-Party sick pay".</li> </ul>

NOTE: See IRS Instructions contained on the W-3 form (Your Copy) and Form W-2 for more information on Form W-3, Box b. requirements. Please contact IRS for copies of its instructions and additional guidance (see Appendix B); do not contact SSA.

<u>W-3</u> <u>BOX</u>	REQUIRED-R OPTIONAL-O	<u>NAME/</u> <u>DESCRIPTION</u>	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS				
C.	R	Total Number of Forms W-2.	Calculating the total number of completed individual Forms W-2 is a function of preparing the paper W-3 report, based on the total number of statements transmitted with this Form W-3. Do not count void forms.	a. Must be numeric. b. Must contain the total number of completed W-2 forms represented by this Form W-3, excluding voided Forms W-2.				
d.	0	Establishment Number.	Not required by SSA. This box can be used for employer's purposes to identify separate establishments within the business. You may file a separate Form W-3 with Forms W-2 for each establishment even if they all have the same EIN; or you may use a single Form W-3 for all Forms W-2 of the same type. If used;  a. Prepare only a 4 position entry.  b. Entries can be either alpha or numeric.	If used; a. Must be a 4-position entry. b. When the establishment number is less than 4 positions, the entry must be right justified with blanks.				
e.	R	Employer Identification Number.	This is the 9 digit number assigned by the Internal Revenue Service. This number should be the same as shown on Form 941, 943 or CT-1 and in the following format:  a. Entry should be shown as 10 positions, all numeric and one hyphen in position 3 (e.g., 00-0000000). Use the same EIN used in preparing Federal employment tax returns (e.g., Form 941 or Form 943).  b. The first two left-most positions cannot be 00, 07, 08, 09, 10, 17, 18, 19, 20, 26, 27, 28, 29, 30, 40, 49, 50, 60, 69, 70, 78,	<ul> <li>a. Must be the same EIN used in W-2 box b for the W-2(s) being reported.</li> <li>b. Must be shown as 10 positions.</li> <li>c. Hyphen only in position 3.</li> <li>d. Numeric only in positions 1, 2 and 4 through 10.</li> <li>e. The first two left-most positions cannot be 00, 07, 08, 09, 10, 17, 18, 19, 20, 26, 27, 28, 29, 30, 40, 49, 50, 60, 69, 70, 78, 79, 80, 89, 90.</li> </ul>				

<u>W-3</u> <u>BOX</u>	<u>REQUIRED-R</u> <u>OPTIONAL-O</u>	<u>NAME/</u> <u>DESCRIPTION</u>	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
			79, 80, 89, 90. c. Place the EIN of the "agent" in this box if an "agent" prepared the Forms W-2. Apply the same rules as in a. and b. above. Must be the same EIN used in W-2, box b for the W-2(s) being reported.	
f.	R	Employer's Name.	<ul> <li>a. The employer's name is produced as a function of preparing the physical form W-3, based on the W-2 payroll data submitted for processing.</li> <li>b. If an "agent" prepared the Form(s) W-2, enter only the name of the "agent" in this box.</li> </ul>	Free-form  Must match the name entered in box c of the W-2(s) being reported.
g.	R	Employer's Address and ZIP Code.	<ul> <li>a. The employer's address and ZIP code is produced as a function of preparing the physical Form W-3, based on the W-2 payroll data submitted for processing.</li> <li>b. If an "agent" prepared the Form(s) W-2, enter the address and ZIP code of the "agent".</li> </ul>	Free-form.  Must be the same address and ZIP Code entered in box c of the forms W-2 being reported.
h.	R-If Applicable	Other EIN Used this Year.	Required entry if, during the year, you used an EIN (including a prior owner's EIN) on Form 941 or 943 that is different from the EIN in box e above.  a. Entry should be shown as 10 positions, all numeric and one hyphen in position 3	<ul> <li>a. Must be shown as 10 positions</li> <li>b. Hyphen only in position 3.</li> <li>c. Numeric only in positions 1, 2 and 4 through 10.</li> <li>d. The first two left-most positions cannot be 00, 07, 08, 09, 10, 17, 18,</li> </ul>

<u>W-3</u> <u>BOX</u>	<u>REQUIRED-R</u> <u>OPTIONAL-O</u>	<u>NAME/</u> <u>DESCRIPTION</u>	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
			(e.g., 00-000000). Use the same EIN used in preparing Federal employment tax returns (e.g., Form 941 or Form 943).  b. The first two left-most positions cannot be 00, 07,08, 09, 10, 17, 18, 19, 20, 26, 27, 28, 29, 30, 40, 49, 50, 60, 69, 70, 78, 79, 80, 89, 90.  c. If an "agent" prepared the Form(s) W-2 for only one employer (or one employer and the "agent's" employees, if the "agent" is also an employer), enter the employer's EIN in this box; otherwise, leave this box blank.	19, 20, 26, 27, 28, 29, 30, 40, 49, 50, 60, 69, 70, 78, 79, 80, 89, 90. e. Cannot match the EIN in box e.
1	R	Wages, Tips, Other Compensation.	<ul> <li>a. The total wages, tips and other compensation calculation for the employer is a function of preparing the paper W-3 report, based on the W-2 statements produced in the physical report submission.</li> <li>b. Calculate a total money amount equal to the sum of the amounts reported in box 1 of the Forms W-2 for that report.</li> <li>c. A dollar sign (\$) should not be added to the entry.</li> </ul>	<ul> <li>a. Must be dollars and cents (numeric and decimal point only—No dollar signs (\$) or commas).</li> <li>b. Decimal point must be shown even when the entry is even dollars.</li> <li>c. Must equal the total combined entries of box 1 of the W-2 forms (excluding voided forms W-2).</li> </ul>
2	R	Federal Income Tax Withheld.	a. The total Federal income tax withheld calculation for the employer is a function of preparing the paper W-3 report, based on the W-2 statements produced in the	<ul> <li>a. Must be dollars and cents (numerics and decimal point only—No dollar signs (\$) or commas).</li> <li>b. Decimal point must be shown even when</li> </ul>

<u>W-3</u> <u>BOX</u>	<u>REQUIRED-R</u> <u>OPTIONAL-O</u>	<u>NAME/</u> DESCRIPTION	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
			physical report submission.  b. Calculate a total money amount equal to the sum of the amounts reported in box 2 of the Forms W-2 for that report.  c. A dollar sign (\$) should not be added to the entry.	the entry is even dollars.  c. Must equal the total combined entries of box 2 of the W-2 forms (excluding voided forms W-2).
3	R-If Applicable	Social Security Wages.	Required for employers reporting Social Security wages.  a. The total Social Security wage calculation for the employer is a function of preparing the paper W-3 report, based on the W-2 statements produced in the physical report submission.  b. Calculate a total money amount equal to the sum of the amounts reported in box 3 of the Forms W-2 for that report.  c. A dollar sign (\$) should not be added to the entry.	<ul> <li>a. Must either be blank or a money amount.</li> <li>b. When an entry is made, the total must equal the total combined entries of box 3 of the W-2 forms (excluding voided forms W-2).</li> <li>c. If not blank, must be dollars and cents (numeric and decimal point only—No dollar signs (\$) or commas).</li> <li>d. Decimal point must be shown even when the entry is even dollars.</li> <li>e. Cannot include an entry when Kind of Payer (designated in box b) is Railroad (CT-1) or Medicare Govt. Emp.</li> </ul>
4	R-If Applicable	Social Security Tax Withheld.	Required for employers reporting Social Security tax withheld.  a. The total Social Security tax withheld calculation for the employer is a function of preparing the paper W-3 report, based on the W-2 statements produced in the physical report submission.  b. Calculate a total money amount equal to	<ul> <li>a. Must either be blank or a money amount.</li> <li>b. When an entry is made, the total must equal the total combined entries of box 4 of the W-2 forms (excluding voided forms W-2).</li> <li>c. If not blank, must be dollars and cents (numeric and decimal point only—No dollar signs (\$) or commas).</li> </ul>

<u>W-3</u> <u>BOX</u>	<u>REQUIRED-R</u> <u>OPTIONAL-O</u>	<u>NAME/</u> <u>DESCRIPTION</u>	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
			the sum of the amounts reported in box 4 of the Forms W-2 for that report.  c. A dollar sign (\$) should not be added to the entry.	<ul> <li>d. Decimal point must be shown even when the entry is even dollars.</li> <li>e. Cannot include an entry when Kind of Payer (designated in box b) is Railroad (CT-1) or Medicare Govt. Emp.</li> <li>f. Must contain an entry if box 3 contains an entry.</li> </ul>
5	R-If Applicable	Medicare Wages and Tips.	Required for employers reporting Medicare wages and tips.  a. The total Medicare wage and tip calculation for the employer is a function of preparing the paper W-3 report, based on the W-2 statements produced in the physical report submission.  b. Calculate a total money amount equal to the sum of the amounts reported in box 5 of the Forms W-2 for that report.  c. A dollar sign (\$) should not be added to the entry.	<ul> <li>a. Must either be blank or a money amount.</li> <li>b. When an entry is made, the total must equal the total combined entries of box 5 of the W-2 forms (excluding voided forms W-2).</li> <li>c. If not blank, must be dollars and cents (numerics and decimal point only—No dollar signs (\$) or commas).</li> <li>d. Decimal point must be shown even when the entry is even dollars.</li> <li>e. Cannot include an entry when the Kind of Payer is Railroad (CT-1 is designated in box b).</li> </ul>
6	R-If Applicable	Medicare Tax Withheld.	Required for employers reporting Medicare tax Withheld.  a. The total Medicare tax withheld calculation for the employer is a function of preparing the paper W-3 report based on the W-2 statements produced in the physical report submission.	<ul> <li>a. Must either be blank or a money amount.</li> <li>b. When an entry is made, the total must equal the total combined entries of box 6 of the W-2 forms (excluding voided forms W-2).</li> <li>c. If not blank, must be dollars and cents (numeric and decimal point only—No</li> </ul>

<u>W-3</u> <u>BOX</u>	<u>REQUIRED-R</u> <u>OPTIONAL-O</u>	<u>NAME/</u> <u>DESCRIPTION</u>	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
			<ul> <li>b. Calculate a total money amount equal to the sum of the amounts reported in box 6 of the Forms W-2 for that report.</li> <li>c. A dollar sign (\$) should not be added to the entry.</li> </ul>	dollar signs (\$) or commas).  d. Decimal point must be shown even when the entry is even dollars.  e. Cannot include an entry when the Kind of Payer (designated in box b).is Railroad (CT-1) or Medicare Govt. Emp.  f. Must contain an entry if box 5 contains an entry.
7	R-If Applicable	Social Security Tips.	<ul> <li>Required for employers reporting Social Security tips.</li> <li>a. The total Social Security tip calculation for the employer is a function of preparing the paper W-3 report, based on the W-2 statements produced in the physical report submission.</li> <li>b. Calculate a total money amount equal to the sum of the amounts reported in box 7 of the Forms W-2 for that report.</li> <li>c. A dollar sign (\$) should not be added to the entry.</li> </ul>	<ul> <li>a. Must either be blank or a money amount.</li> <li>b. When an entry is made, the total must equal the total combined entries of box 7 of the W-2 forms (excluding voided forms W-2).</li> <li>c. If not blank, must be dollars and cents (numeric and decimal point only—No dollar signs (\$) or commas).</li> <li>d. Decimal point must be shown even when the entry is even dollars.</li> <li>e. Cannot include an entry when the Kind of Payer is Railroad (CT-1 is designated in box b) or Medicare Govt. Emp. is designated in box b.</li> </ul>
8	R-If Applicable	Allocated Tips.	Required for certain types of employers reporting Allocated tips.  a. The total Allocated tip calculation for the employer is a function of preparing the paper W-3 report, based on the W-2	<ul> <li>a. Must either be blank or a money amount.</li> <li>b. When an entry is made, the total must equal the total combined entries of box 8 of the W-2 forms (excluding voided forms W-2).</li> </ul>

<u>W-3</u> <u>BOX</u>	<u>REQUIRED-R</u> OPTIONAL-O	<u>NAME/</u> DESCRIPTION	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
			statements produced in the physical report submission.  b. The software should calculate a total money amount equal to the sum of the amounts reported in box 8 of the Forms W-2 for that report.  c. A dollar sign (\$) should not be added to the entry.	<ul> <li>c. If not blank, must be dollars and cents (numeric and decimal point only—No dollar signs (\$) or commas).</li> <li>d. Decimal point must be shown even when the entry is even dollars.</li> </ul>
9	R-If Applicable	Advance EIC Payments.	Required for certain types of employers reporting Advance EIC Payments.  a. The total advanced earned income credit calculation for the employer is a function of preparing the paper W-3 report, based on the W-2 statements produced in the physical report submission.  b. Calculate a total money amount equal to the sum of the amounts reported in box 9 of Forms W-2 for that report.  c. A dollar sign (\$) should not be added to the entry.	<ul> <li>a. Must either be blank or a money amount.</li> <li>b. When an entry is made, the total must equal the total combined entries of box 9 of the W-2 forms (excluding voided forms W-2).</li> <li>c. If not blank, must be dollars and cents (numeric and decimal point only—No dollar signs (\$) or commas).</li> <li>d. Decimal point must be shown even when the entry is even dollars.</li> </ul>
10	R-If Applicable	Dependent Care Benefits.	Required for employer's reporting dependent care benefits.  a. The total dependent care benefit calculation is a function of preparing the paper W-3 report, based on the W-2 statements produced in the physical report submission.	<ul> <li>a. Must either be blank or a money amount.</li> <li>b. When an entry is made, the total must equal the total combined entries of box 10 of the W-2 forms (excluding voided forms W-2).</li> <li>c. If not blank, must be dollars and cents</li> </ul>

<u>W-3</u> <u>BOX</u>	<u>REQUIRED-R</u> <u>OPTIONAL-O</u>	<u>NAME/</u> <u>DESCRIPTION</u>	STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
			<ul> <li>b. Calculate a total money amount equal to the sum of the amounts reported in box 10 of the Forms W-2 for that report.</li> <li>c. A dollar sign (\$) should not be added to the entry.</li> </ul>	(numeric and decimal point <u>only</u> —No dollar signs (\$) or commas).  d. Decimal point must be shown even when the entry is even dollars.
11	R-If Applicable	Nonqualified Plans.	<ul> <li>a. Required for employers reporting (1) distributions to employees from a nonqualified deferred compensation plan and/or a Section 457 plan and/or (2) amounts deferred under a nonqualified plan that became taxable during the tax year.</li> <li>b. Calculate a total money amount equal to the sum of the amounts reported in box 11 of the Forms W-2 for that report.</li> <li>c. A dollar sign (\$) should not be added to the entry.</li> </ul>	<ul> <li>a. Must either be blank or a money amount.</li> <li>b. When an entry is made, the total must equal the total combined entries of box 11 of the W-2 forms (excluding voided forms W-2).</li> <li>c. If not blank, must be dollars and cents (numeric and decimal point only—No dollar signs (\$) or commas).</li> <li>d. Decimal point must be shown even when the entry is even dollars.</li> </ul>
12	R-If Applicable	Deferred Compensation.	<ul> <li>a. Required for all employers reporting employee contributions to qualified deferred compensation plans.</li> <li>b. Calculate a total money amount equal to the sum of the amount with codes D through H and S reported in box 12 of the Forms W-2 for that report.</li> <li>c. A dollar sign (\$) should not be added to to the entry.</li> <li>d. Do not enter a Code.</li> </ul>	<ul> <li>a. Must either be blank or a money amount.</li> <li>b. When an entry is made, the total must equal the total combined entries of box 12 code D, E, F, G, H and/or S of the W-2 forms (excluding voided forms W-2).</li> <li>c. If not blank, must be dollars and cents (numeric and decimal point only—No dollar signs (\$) or commas).</li> <li>e. Decimal point must be shown even when</li> </ul>

<u>W-3</u> <u>BOX</u>			STANDARDS FOR HUMAN RESOURCE DEPARTMENTS	SPECIFICATIONS AND EDITS FOR SOFTWARE DEVELOPERS
				the entry is even dollars.
13	R-If Applicable	For third-party sick pay use only	Third-party payers of sick pay filing third-party sick pay recap Forms W-2 and W-3 must enter "Third-Party Sick Pay Recap" in this box.	Must contain the entry "Third-party sick pay recap" or be blank.
14	R-If Applicable	Income tax withheld by third-party sick pay payer.	<ul> <li>a. Required if you have employees who had income tax withheld on third-party payments of sick pay.</li> <li>b. Entry should be numeric and cannot be negative.</li> <li>c. A dollar sign (\$) should not be added to the entry.</li> </ul>	<ul> <li>a. Must be either blank or a money amount.</li> <li>b. When an entry is made it must be dollars and cents (numeric and decimal point only—No dollar signs (\$) or commas).</li> </ul>
NOTE:	on sick pay reporting,		ublication 15) for more information on Form W-3, ler's Supplemental Tax Guide. For additional inform	
15-19	0	State tax information.	Not required by SSA.	Not required by SSA.
	0	Contact person, telephone number, E-mail Address, Fax number	Not required by SSA.	Not required by SSA.

#### Where to File

All Forms W-3 and W-2 (Copy A) are processed at the Wilkes-Barre Data Operations Center. Completed forms should be sent to:

If United States Postal Service Other IRS Approved Private Delivery Service

Send to: Send to:

Social Security Administration
Data Operations Center
Wilkes-Barre, PA 18769-0001

Social Security Administration
Data Operations Center
Attn: W-2 Process

(For Certified Mail use ZIP code 1150 E. Mountain Dr.

**18769-0002**) Wilkes-Barre, PA 18702-7997

#### When to File

File TY 2001 Forms W-3 and Copy A of Forms W-2 with SSA by February 28, 2002.

Extension to File Copy A -- You may request an extension of time for filing Form W-2 (Copy A) by sending IRS Form 8809, Request for Extension of Time to File Information Returns, to the address shown on that form. This, form can be obtained online at <a href="www.irs.gov/forms">www.irs.gov/forms</a> or you can contact your local IRS office, or call 1-800-829-3676. Note: Even if you are given an extension of time to file Forms W-2 (Copy A) and Form W-3, you must still furnish Form W-2 to your employees by January 31, 2002.

**NOTE:** Terminating Business--If you terminate your business, you must provide Form (s) W-2 to your employees for the calendar year of termination by the due date your final Form 941. Additionally, you must file Forms W-2 with the SSA by the last day of the month that follows the due date of your final Form 941.

# CHAPTER 4 REPORTING EXAMPLES FOR PREPARING PAPER FORMS W-2, W-3 AND 941

#### Introduction

This Chapter provides examples of proper/improper paper reporting. Included are examples of correctly prepared reports together with reports with errors that could have been prevented had the software used to prepare them complied with the specifications and edits. Documents covered include:

- Form W-2, Wage and Tax Statement;
- Form W-3, Transmittal of Wage and Tax Statements; and
- Form 941, Employer's Quarterly Federal Tax Return.

## **Inquiries**

Questions concerning the examples and information in this Chapter should be directed to the regional Employer Services Liaison Officer listed in Appendix A. However, tax questions or questions on tax law and regulations (including Form 941) must be addressed to the IRS Information Reporting Program Call Site at telephone number 304-263-8700 (Not a Toll Free Number). Suggestions for improving this Chapter should be directed in writing to the address on page 8.

## Background

Employers are required to compute employee withholding and employer matching contributions separately for Social Security and Medicare. The following table shows the Social Security and Medicare tax rates and wage bases for TY 2001.

## Social Security and Medicare Table of Tax Rates and Wage Bases TY 2001

<u>Federal</u>	<u>Taxable</u>	Employee	Employer's  Matching  Contribution	Combined
<u>Program</u>	<u>Earnings</u>	Withholding		FICA Rate
Social Security Medicare Total FICA Rate	\$ 80,400 All*	6.20% <u>1.45%</u> 7.65%	6.20% <u>1.45%</u> 7.65%	12.40% 02.90% 15.30%

<sup>\*</sup> There is no limit on the amount of wages and tips that are subject to Medicare tax.

## STATE AND LOCAL GOVERNMENT EMPLOYERS

State and local government employers can choose one of two methods to report instances where an employee earns (1) MQGE wages subject only to the Medicare tax and (2) wages subject to both social security and Medicare taxes (full FICA) in the <u>same tax year</u> for the <u>same employer</u>. Whenever this situation occurs, employers have the option of reporting employee wages and tax withheld on either a combined or split-report basis, as described below:

- One form W-2 for each employee, combining both the MQGE-only wages and the full-FICA wages for the TY, or
- Separate Forms W-2 for each employee for the TY—one to report the MQGE-only wages and tax withheld and another to report the full-FICA wages and taxes withheld.

The case scenario which follows illustrates various reporting situations for the Cabot Cove School District in TY 2001. The scenario consists of the following information:

- Part 1: Employer Wage and Tax Deposit Data Forms 941, W-3 and W-2;
- Part 2: Employee Wage and Tax Statements Forms W-3 and W-2; and
- <u>Exhibits</u>: Payroll Register Data Tables.

# PART 1 EMPLOYER WAGE AND TAX DEPOSIT DATA FORMS 941, W-3 AND W-2

#### Introduction

Part 1 contains four quarterly (and one annual mock-up of) IRS Forms 941, two Forms W-3, and eleven Forms W-2 from the Cabot Cove School District. This information illustrates how:

- Cabot Cove reported its quarterly payroll and tax deposit data to IRS;
- The annual sum of Cabot Cove's quarterly Form 941 data should agree with Cabot Cove's W-3 data for the same calendar year; and
- Cabot Cove's W-3 data agree with employees' W-2 data.

The annual Form 941 mock-up (page 55) is used to show how you could use a Form 941 or other work sheet to check the accuracy of your reporting for the year. This form balances to (1) the sum of the quarterly Forms 941 (pages 51 through 54), (2) the sum of the two Forms W-3 (pages 56 and 62) and (3) the sum of the eleven Forms W-2 (pages 57 through 61 and 63). In addition, the first Form W-3 (page 56) includes wage and tax data compiled under the combined reporting option elected by Cabot Cove, which consolidated both the MQGE and full-FICA wages earned by an employee based on that employee's continuing work in employment that became covered under FICA during the year. The Form W-3 on page 56 also includes FICA-exempt employee wages compiled under the combined reporting option for wages not subject to FICA tax (employer's also have the option of grouping FICA-exempt wages and reporting those wages under a separate Form W-3). The second Form W-3 (page 62) contains MQGE wage and tax data only.

Cabot Cove's Forms 941, W-3 and W-2 contained in Part 1 are correct examples because they meet the following criteria.

## Payroll Register versus Forms 941

- Each quarterly Form 941 balances to (1) the sum of the corresponding employee payroll register data for each quarter (Exhibits, 2-1, 2-2, 2-3, and 2-4) and (2) the corresponding annual payroll register summary data (Exhibit 3) for each of the following:
  - a. Total wages, tips and other compensation and Federal income tax withheld;
  - b. Taxable Social Security wages and taxable Social Security tips; and
  - c. Taxable Medicare wages and tips.
- In terms of Social Security and Medicare wages and tips, Cabot Cove limited tax withholdings

to the applicable Social Security wage base (\$80,400) and Medicare wage base (total employee compensation) for TY 2001.

- Regarding sick pay, Cabot Cove:
  - a. Treated sick pay payments correctly in terms of identifying wages representing (1) only the percentage of the premium cost of the sick pay plan borne by Cabot Cove as Federally taxable wages and (2) only the first 6 months of sick pay as taxable Social Security and Medicare wages; and
  - b. Properly adjusted the Social Security and Medicare taxes withheld on each applicable Form 941 (line 9) to reflect (1) employee taxes withheld and paid by a third-party payer and (2) uncollected employee Social Security and Medicare taxes.

#### Forms 941 versus Forms W-3

- The employer's EIN is valid and the name and address are correct on each type of form; both are reported consistently.
- The following data from the Forms W-3 balance to the annual sum of the four quarterly Forms 941:
  - a. Wages, tips and other compensation and Federal income tax withheld;
  - b. Social Security wages and Social Security tips; and
  - c. Medicare wages and tips.
- Regarding the Form W-3, Cabot Cove properly reported the income tax withheld by a third-party payer in Box 15 of the Form W-3, based on sick payments made to an employee by a third-party.

#### Forms W-3 versus Forms W-2

- Each Form W-3 identifies the proper type of employment in Box b for the accompanying Forms W-2.
- The sum of all wages and tax withheld on the Forms W-2 balance to the aggregate wages and tax withheld on the Forms W-3.
- Regarding the Forms W-2, all:
  - a. SSNs are valid;
  - b. Employee names are properly printed (i.e., first, middle initial, last) and are consistent with the names printed on their Social Security cards (see Exhibit 1);
  - c. EINs are valid and both the EIN and employer address are consistently reported on each

form; and

- d. Money amount boxes are properly prepared because they do not contain alpha entries (except for Box 13), negative amounts, special characters or punctuation.
- In terms of Social Security wages and tips, Cabot Cove limited tax withholdings on the Forms W-2 to the applicable Social Security wage base (\$80,400) for TY 2001.
- Regarding Social Security and Medicare taxes withheld, the money amounts reported reflect the proper withholding rates of 6.2 percent and 1.45 percent respectively.
- Regarding Group-Term Life Insurance (GTLI) over \$50,000, Cabot Cove:
  - a Used the Form W-2 to report the taxable cost of GTLI over \$50,000; and
  - b. Treated the cost of GTLI over \$50,000 as income and withheld only the FICA tax on that income for current (not retired) employees.
- Cabot Cove properly reported nonqualified deferred compensation by:
  - a. Including on the Form W-2 contributions to the plan<sup>1</sup> in Boxes 3 and 5 and reporting the respective tax withholdings on those contributions in boxes 4 and 6; and
  - b. Including on the Form W-2 distributions from the plan as income in box 1 and reporting Federal income tax withholding on those distributions in box 2.

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Contributions that became taxable during the year based on the <u>later</u> of (1) when the services giving rise to the deferral are performed or (2) when there is no substantial forfeiture risk of rights to the deferred amounts.

## 1st Quarter

# Form **941**

# **Employer's Quarterly Federal Tax Return**

(Rev. January 2001) Department of the Treasury Internal Revenue Service (O)

4141

See separate instructions for information on completing this form

If you do not have to file returns in the future, check here	Enter st code for in which deposits made O different state in address the right (see page 3 (instruct If address different from printer return, chere	state Name(as distinguished from trade name) Date quarter ended  were NLY if t from Trade name, if any Employer identification number to 55-5678910  Address (number and street) City, state, and ZIP code to Sis EDUCATION WAY BALTIMORE, MD 21201  S IS 1 1 1 1 1 1 1 1 1 2 3 3 3 3 3 3 4 4 4 4 4 4 5 5 5 5 6 7 8 9 10 6 7 7 8 10							10	T FF FD FP I	No. 1545-	.0029								
Number of employees (except household) employed in the pay period that includes March 12th	-			-						4				wag	es pai	d	٠.			
2   140594 63   3   1540   1500   1																	L	_	10	
3   28118   93   4   4   4   5   4   5   5   5   5   5																				1 62
4 Adjustment of withheld income tax for preceding quarters of calendar year 5 Adjusted total of income tax withheld (line 3 as adjusted by line 4 - see instructions) 6 Taxable social security wages 6 Taxable social security tips 7 Taxable social security tips 8 Total social security income tax withheld (line 3 as adjusted by line 4 - see instructions) 8 Total social security tips 8 Total social security and Medicare taxes (add lines 6b, 6d, and 7b). Check here if wages are not subject to social security and Medicare taxes (add lines 6b, 6d, and 7b). Check here if wages are not subject to social security and Medicare taxes (see instructions for required explanation) 9 Adjustment of social security and Medicare taxes (see instructions for required explanation) 10 Adjusted total of social security and Medicare taxes (line 8 as adjusted by line 9-see instructions) 11 Total taxes (add lines 5 and 10) 12 Advance earned income credit (EIC) payments made to employees 13 Net taxes (subtract line 12 from line 11). This should equal line 17, column (d) below (or line D of Schedule B (Form 941)). 14 Total deposits for quarter, including overpayment applied from a prior quarter  15 Balance due (subtract line 14 from line 13). See instructions 16 Overpayment, if line 14 is more than line 13, enter excess here and check if to be: Applied to next return OR Refunded.  15 Osemiweekly schedule depositors: Complete line 17, columns (d) and check here and check if to be: Applied to next return OR Alf filers: If line 13 is less than \$500, you need not complete line 17 or Schedule B.  16 Overpayment, if line 14 is more than line 13, enter excess here and check if to be: Applied to next return OR Alf filers: If line 14 is more than line 13, enter excess here and check here.  17 Monthly schedule depositors: Complete line 17 or Schedule B.  18 Osemiweekly schedule depositors: Complete line 17, columns (a) through (d) and check here.  19 Under penalties of perjury, I declare that I have examined this return, including accompanying schedu	2 Tot:	at wages and tips, pl	lus other con	ipensation ses tips ar	 nd sick nav													3		
6 Taxable social security wages	4 Adj	ustment of withheld	income tax	for precedi	ing quarte	rs of c	calen	dar ye	ear .								[	4	20110	7,75
Taxable social security tips 6c 8 1008 75 X12.4%(124) = 6d 125 (09 7 Taxable Medicare wages and tips 7a \$ 126804 63 X 2.9%(029) = 7b 3679 94 8 Total social security and Medicare taxes (add lines 6b, 6d, and 7b). Check here if wages are not subject to social security and/or Medicare tax 8										_	)						. [			
8 Total social security and Medicare taxes (add lines 6b, 6d, and 7b). Check here if wages are not subject to social security and Medicare tax  9 Adjustment of social security and Medicare taxes (see instructions for required explanation) Sick Pay S	6 Taxa	able social security	wages				. 6	a \$					_			· /				
8 Total social security and Medicare taxes (add lines 6b, 6d, and 7b). Check here if wages are not subject to social security and Medicare tax  9 Adjustment of social security and Medicare taxes (see instructions for required explanation) Sick Pay S	7 Tax	able Medicare wage	es and tips				7	a \$					-							
9 Adjustment of social security and Medicare taxes (see instructions for required explanation) Sick Pay \$ \frac{1}{2}\$ Fractions of Cents \$ \frac{1}{2}\$ Other \$ \frac{1}{2}\$ Other \$ \frac{1}{2}\$ Ito Adjusted total of social security and Medicare taxes (line 8 as adjusted by line 9-see instructions)  11 Total taxes (add lines 5 and 10)	8 Tota	al social security and	d Medicare t	axes (add l	ines 6b, 6	d, and	17b).	Che	ck her	e if w	ages	0.5			2.570	(.02)		,,,	507.	1
Sick Pay \$																		8	15865	38
11 Total taxes (add lines 5 and 10)	9 Adj	ustment of social se	curity and M	ledicare tax	xes (see in	struct	tions	for re	quirec	l expl	anatio	n)	_					0		
11 Total taxes (add lines 5 and 10)	10 Ad	ray \$ <u>+</u>	security and	i Cents \$ _ i Medicare	taxes (lin	e 8 as	_ s adin	± ( sted b	ov line	) 9-see	- instr	uction	<u>-</u>				ŀ		1586	5 38
12 Advance earned income credit (EIC) payments made to employees.  13 Net taxes (subtract line 12 from line 11). This should equal line 17, column (d) below (or line D of Schedule B (Form 941)).  14 Total deposits for quarter, including overpayment applied from a prior quarter  15 Balance due (subtract line 14 from line 13). See instructions 16 Overpayment, if line 14 is more than line 13, enter excess here and check if to be: Applied to next return OR Refunded.  15 O All filers: If line 13 is less than \$500, you need not complete line 17 or Schedule B.  16 O Semiweekly schedule depositors: Complete Schedule B and check here O Monthly schedule depositors: Complete line 17, columns (a) through (d) and check here O Monthly Summary of Federal Tax Liability. Do not complete if you are a semiweekly schedule depositor  (a) First month liability (b) Second month liability (c) Third month liability (d) Total liability for quarter  14661.44 14661.44 14661.43 43984.31  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.  17 Print Your Signature  18																	-	10		1
13 Net taxes (subtract line 12 from line 11). This should equal line 17, column (d) below (or line D of Schedule B (Form 941)).  14 Total deposits for quarter, including overpayment applied from a prior quarter  15 Balance due (subtract line 14 from line 13). See instructions  16 Overpayment, if line 14 is more than line 13, enter excess here and check if to be: Applied to next return OR Refunded.  15 ON Applied to next return OR Refunded.  16 ON Applied to next return OR Refunded.  17 ON Applied to next return OR Refunded.  18 ON Applied to next return OR Refunded.  19 ON Applied to next return OR Refunded.  10 ON Applied to next return OR Refunded.  10 ON Applied to next return OR Refunded.  11 ON Applied to next return OR Refunded.  12 ON Applied to next return OR Refunded.  13 ON Applied to next return OR Refunded.  15 ON Applied to next return OR Refunded.  16 Overpayment, if line 13 is less than \$500, you need not complete line 17 or Schedule B.  17 ON Applied to next return OR Refunded.  18 ON Applied to next return OR Refunded.  19 ON Applied to next return OR Refunded.  20 ON Applied to next return OR Refunded.  21 ON Applied to next return OR Refunded.  22 ON Applied to next return OR Refunded.  23 ON Applied to next return OR Refunded.  24 ON Applied to next return OR Refunded.  25 ON Applied to next return OR Refunded.  26 ON Applied to next return OR Refunded.  26 ON Applied to next return OR Refunded.  27 ON Applied to next return or Schedule B.  28 ON Applied to next return OR Refunded.  28 ON Applied to next return or Schedule B.  29 ON Applied to next return or Schedule B.  20 ON Applied to next return or Schedule B.  20 ON Applied to next return or Schedule B.  20 ON Applied to next return or Schedule B.  20 ON Applied to next return or Schedule B.  20 ON Applied to next return or Schedule B.  20 ON Applied to next return or Schedule B.  21 ON Applied to next return or Schedule B.  21 ON Applied to next return or Schedule B.  22 ON Applied to next return or Schedule B.  23 ON Applied to next r	11 To	tal taxes (add lines 5	and 10)															11	43984	1 31
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14 Total deposits for quarter, including overpayment applied from a prior quarter	13 Ne	t taxes (subtract line	12 from line	e 11). This	should eq	ual lii	ne 17	, colu	ımn (d	l) belo	w						ľ			+
15 Balance due (subtract line 14 from line 13). See instructions 16 Overpayment, if line 14 is more than line 13, enter excess here and check if to be: Applied to next return OR Refunded.  o All filers: If line 13 is less than \$500, you need not complete line 17 or Schedule B. o Semiweekly schedule depositors: Complete Schedule B and check here o Monthly schedule depositors: Complete line 17, columns (a) through (d) and check here  17 Monthly Summary of Federal Tax Liability. Do not complete if you are a semiweekly schedule depositor (a) First month liability (b) Second month liability (c) Third month liability (d) Total liability for quarter 14661.44 14661.43 43984.31  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.  Sign  Here Signature  Print Your Name and Title Date	(01	line D of Schedule	B (Form 94	1))														13	43984	1 31
15 Balance due (subtract line 14 from line 13). See instructions 16 Overpayment, if line 14 is more than line 13, enter excess here and check if to be: Applied to next return OR Refunded.  o All filers: If line 13 is less than \$500, you need not complete line 17 or Schedule B. o Semiweekly schedule depositors: Complete Schedule B and check here o Monthly schedule depositors: Complete line 17, columns (a) through (d) and check here  17 Monthly Summary of Federal Tax Liability. Do not complete if you are a semiweekly schedule depositor (a) First month liability (b) Second month liability (c) Third month liability (d) Total liability for quarter 14661.44 14661.43 43984.31  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.  Sign  Here Signature  Print Your Name and Title Date	14 To	tal deposits for quar	ter. including	overnavn	nent applie	ed fro	mar	orior o	nuartei	r								14	43984	1 31
and check if to be: Applied to next return OR Refunded.  o All filers: If line 13 is less than \$500, you need not complete line 17 or Schedule B. o Semiweekly schedule depositors: Complete Schedule B and check here		-					-		-								ı			
and check if to be: Applied to next return OR Refunded.  o All filers: If line 13 is less than \$500, you need not complete line 17 or Schedule B. o Semiweekly schedule depositors: Complete Schedule B and check here OMonthly schedule depositors: Complete line 17, columns (a) through (d) and check here OMonthly Summary of Federal Tax Liability. Do not complete if you are a semiweekly schedule depositor (a) First month liability (b) Second month liability (c) Third month liability (d) Total liability for quarter 14661.44 14661.44 14661.43 43984.31  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.  Sign  Here Signature  Print Your Name and Title Date	15 Ba	lance due (subtract l	ine 14 from	line 13). S	ee instruc	tions								• • •			٠٠ [	15		<u> </u>
o All filers: If line 13 is less than \$500, you need not complete line 17 or Schedule B. o Semiweekly schedule depositors: Complete Schedule B and check here o Monthly schedule depositors: Complete line 17, columns (a) through (d) and check here  17 Monthly Summary of Federal Tax Liability. Do not complete if you are a semiweekly schedule depositor  (a) First month liability (b) Second month liability (c) Third month liability (d) Total liability for quarter 14661.44 14661.44 14661.43 43984.31  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.  Sign  Here Signature  Print Your Name and Title Date								Г	_											
o Semiweekly schedule depositors: Complete Schedule B and check here o Monthly schedule depositors: Complete line 17, columns (a) through (d) and check here  17 Monthly Summary of Federal Tax Liability. Do not complete if you are a semiweekly schedule depositor  (a) First month liability (b) Second month liability (c) Third month liability (d) Total liability for quarter 14661.44 14661.43 43984.31  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.  Sign  Here Signature  Print Your Name and Title Date																				
o Monthly Summary of Federal Tax Liability. Do not complete if you are a semiweekly schedule depositor  (a) First month liability (b) Second month liability (c) Third month liability (d) Total liability for quarter 14661.44 14661.43 43984.31  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.  Sign  Here Signature  Print Your Name and Title Date	0	All filers: If line 13	is less than S	S500, you r	need not co	omple	ete lir	ne 17	or Sch	nedule	В.									_
17 Monthly Summary of Federal Tax Liability. Do not complete if you are a semiweekly schedule depositor  (a) First month liability (b) Second month liability (c) Third month liability (d) Total liability for quarter 14661.44 14661.43 43984.31  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.  Sign  Here Signature  Print Your Name and Title Date																				$\mathbf{H}$
(a) First month liability (b) Second month liability (c) Third month liability (d) Total liability for quarter 14661.44 14661.43 43984.31  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.  Sign  Here Signature  Print Your Name and Title Date	-		*	•	<u> </u>		` /		` /											ш
14661.44 14661.44 14661.43 43984.31  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.  Sign  Here Signature  Print Your Name and Title Date							ete 1f						ule d	epos		I) T. (.1	111.1	154 C		
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.  Sign  Here Signature  Print Your Name and Title Date	(a		y (b)		onth Habili	ıty	-	(c) I	140	101111 161 43	паош	ıy			((	1) 10tai				
to the best of my knowledge and belief, it is true, correct, and complete.  Sign  Here Signature  Print Your Name and Title Date			neriury I de		have eva	nined	thic	returr				าทลทรา	ing e	chec	lules s	nd state				
Sign Here Print Your Signature Name and Title Date										uumg	accon	прапу	ing s	CIICC	iuics a	ina state	JIIICII	is, and		
Here Signature Print Your Name and Title Date	Sign	]		- ,	-, -,	•		P												
Signature Name and Title Date	_									1	Duin4	Vo								
	11016	Signature												e					Date	!
	For Par	U	Act Notic	e see nag	e 1 of sei	arate	e inst	ructi	ons	1					7.	For	rm	941		

## 2nd Quarter

# Form **941**

# **Employer's Quarterly Federal Tax Return**

(Rev. January 2001)

See separate instructions for information on completing this form.

Department of the T Internal Revenue Se		4141					Plea	ase typ	e or p	rint.							
Enter state code for state in which deposits were made ONLY if different from state in address to the right (see page 3 of instructions).  If address is different from prior return, check here	Name(as distinguished from trade name)  ts were  ONLY if ent from  Trade name, if any  Address (number and street)  Address is intrior  Date quarter ended  June 30, 2001  Employer identification number  55-5678910  City, state, and ZIP code  Baltimore, MD 21201  Ess is  1 1 1 1 1 1 1 1 1 1 2 3 3 3 3 3 3 4 4 4 4  Intrior								T FF FD FP I T	B No. 1545	5-0029						
If you do not have t If you are a seasona  1 Number of emp	l employer, ployees (exce	see Seasona ept househo	l emplo ld) emp	yers on loyed ir	page the p	1 of the	ne ins	structio hat inc	ns and	checl March	k here		nges paid			120050	Ina
<ul><li>2 Total wages an</li><li>3 Total income ta</li><li>4 Adjustment of</li><li>5 Adjusted total of</li></ul>	x withheld for withheld income tax	from wages, ome tax for x withheld (	tips, an precedi line 3 a	id sick p ng quar s adjust	oay ters o ed by	 f calen line 4	 ndar y - see	e instru	 ctions)		 		 		3 . 4 . 5	138958 27791 27791	03 61 61
6 Taxable social s Taxable social s 7 Taxable Medica	ecurity tips are wages ar						бс 7а	\$14602 \$1008 \$17585	8		28 75 03		X12.4%(.1 X12.4%(.1 X 2.9%(.0	24) =	6b 6d 7b	18107 125 5099	11 09 88
8 Total social sec are not subject 9 Adjustment of Sick Pay \$ 122 10 Adjusted total	to social sec social securi .40 ± Fra	urity and/or ty and Medi actions of Co	Medical dicare taxents \$	are tax . xes (see	instru	ctions	for r	equired	 l expla	anatio	n)	=	[		9 10	23332 <122 23209	08 40> 68
<ul><li>11 Total taxes (ad</li><li>12 Advance earne</li></ul>															. 11	51001	29
13 Net taxes (subtour line D of S	tract line 12	from line 11	l). This	should	equal	line 1'	7, col	lumn (	d) belo	w						51001	29
<ul><li>14 Total deposits</li><li>15 Balance due (s</li></ul>	-						prior	quarte	r						14 15	51001	29
16 Overpayment, and check if to o All filers: If o Semiweekly	if line 14 is be:  Cline 13 is let schedule de	more than line Applied to ess than \$50 epositors: C	next ret 0, you nomplete	enter exe turn need not e Schedu	cess h OR comp ale B	iere olete li and ch	eck ł	nere		nded.							
o Monthly Sumr	nary of Fede	eral Tax Lia	bility.	Do not	t com		f you	are a s	emiwe	ekly :	schedul		ositor			C	
(a) First mont 17000.43	·	170	00.43	nth liab					000.43		•				5100		
	alties of perj of my know								F	Print	npanyii Your and T		edules an	d stateme	ents, a	nd Date	<u>.</u>

Cat. No. 17001Z

Form **941** (R 1-2001)

For Paperwork Reduction Act Notice, see page 1 of separate instructions.

## 3rd Quarter

# Form **941**

(Rev. January 2001) Department of the Treasury Internal Revenue Service (O)

4141

# **Employer's Quarterly Federal Tax Return**

See separate instructions for information on completing this form

Enter st code for in which deposits made O differen state in address tne righ (see page 3 of instruct	state  is were NLY if t from  to t ions).  SS 1S	Name(as distinguished from trade name)  Date quarter ended  September 30, 2001  Employer identification number 55-5678910  Address (number and street)  City, state, and ZIP code  Baltimore, MD 21201  September 30, 2001  Employer identification number 55-5678910  City, state, and ZIP code  Baltimore, MD 21201							-0029
			re, check here			il wages paid	_		
			old) employed in the par						
2 Tota 3 Tota 4 Adji 5 Adji	al wages and tips, plad income tax withhoustment of withheld usted total of incom	us other compe eld from wages, income tax for e tax withheld (	nsation , tips, and sick pay preceding quarters of c line 3 as adjusted by li	calendar year ne 4 - see instructio	ns)		3 4 5	125484 25096 25096	83 97 97
o raxa Taxa	ible social security t	vages ins		6c \$1008	08 75	X12.4%(.124) = X12.4%(.124) =	6b 6d	8788 125	63 09
7 Tax	able Medicare wage	s and tips		. 7a \$106984	83	X 2.9%(.029) =	7b	3102	56
8 Tota are i	al social security and not subject to social ustment of social se	d Medicare taxe security and/or curity and Med	es (add lines 6b, 6d, and Medicare tax icare taxes (see instructents \$ Iedicare taxes (line 8 as	d 7b). Check here i	planation)	· · ·	8	12016	28 20>
			ledicare taxes (line 8 as				10	11649 36746	08
13 Net	taxes (subtract line	12 from line 1	payments made to emplate	ne 17, column (d) b	elow			36746	05
14 Tot	al deposits for quart	er, including ov	verpayment applied fro	m a prior quarter			14	36746	05
15 Bal 16 Ove	ance due (subtract lerpayment, if line 14	ine 14 from line	e 13). See instructions ine 13, enter excess her	re			15		
o All filers: If line 13 is less than \$500, you need not complete line 17 or Schedule B. o Semiweekly schedule depositors: Complete Schedule B and check here									
	nthly Summary of I			ete if you are a sem		1	:1:4		
(a	) First month liabilit 12248.68		cond month liability 248.68	(c) Third mor		(d) Total liab	36746.		
Sign Here	Under penalties of	perjury, I declar	re that I have examined elief, it is true, correct,	l this return, includi		schedules and stateme			
	Signature				Name and Tit			Date	
For Pap	erwork Reduction	Act Notice, s	see page 1 of separate	e instructions.	Cat. No. 1'	7001Z Form	941	(R 1-20	01)

## 4th Quarter

# Form **941**

(Rev. January 2001) Department of the Treasury Internal Revenue Service (O)

4141

# **Employer's Quarterly Federal Tax Return**

See separate instructions for information on completing this form

Enter state code for state	Name(as distinguished from trade name	e) Date quarter ended	OMB No. 1545-0029
in which deposits were	CABOT COVE SCHOOL	December 31, 2001	FF FD
made ONLY if different from	Trade name, if any	Employer identification number	FP
state in	11440 114110, 11 4111		T
address to tne right		55-5678910	
(see page 3 of	Address (number and street)	City, state, and ZIP code	
instructions).	123 EDUCATION WAY	Baltimore, MD 21201	
	1 1 1 1 1 1 1 2	3 3 3 3 3 4 4 4	
different			
from prior return check 5 5	5 6 7 8 8 8 8 8	8 8 9 9 9 10 10 10 10 10 10 10	0 10 10 10
return, check 5 5 here	3 0 / 8 8 8 8	8 8 9 9 9 10 10 10 10 10 10 10	0 10 10 10
If you do not have to file ret	turns in the future, check here	and enter date final wages paid	
	yer, see Seasonal employers on page 1 o		
	except household) employed in the pay	•	1
2 Total wages and tips, pl	us other compensation		2 124021 51 3 24639 30
4 Adjustment of withheld	income tax for preceding quarters of ca	lendar year	3 24639 30
5 Adjusted total of incom	e tax withheld (line 3 as adjusted by line	e 4 - see instructions)	5 24639 30
6 Taxable social security v	wages	6a \$55412 76 X12.4%(.124)	
Taxable social security t	ips	6c \$1008 75 X12.4%(.124)	= 6d 125 09
/ Taxable Medicare wage	d Medicare taxes (add lines 6b, 6d, and	7a \$103921 51 X 2.9%(.029)	= 7b 3013 72
are not subject to social	security and/or Medicare tax		8 10009 99
9 Adjustment of social se	curity and Medicare taxes (see instruction	ons for required explanation) *	
Sick Pay \$ 244.80 ±	Fractions of Cents \$ l security and Medicare taxes (line 8 as a	$\pm$ Other \$ $\pm$ 51.64 =	9 <296 44> 10 9713 55
11 Total taxes (add lines 5	and 10)		11 34352 85
		yees	12
	e 12 from line 11). This should equal line		12 24252 05
`			
14 Total deposits for quar	ter, including overpayment applied from	a prior quarter	14 34352 85
15 Balance due (subtract l	ine 14 from line 13). See instructions.		15
16 Overpayment, if line 14	4 is more than line 13, enter excess here	\$	
and check if to be:	Applied to next return OR	Refunded.	
o All filers: If line 13	is less than \$500, you need not complete	e line 17 or Schedule B.	
		check here	
o Monthly schedule d	epositors: Complete line 17, columns (a	a) through (d) and check here	
17 Monthly Summary of I	3 1	e if you are a semiweekly schedule depositor	
(a) First month liabilit			al liability for quarter
11450.95	11450.95	11450.95	34352.85
	perjury, I declare that I have examined to nowledge and belief, it is true, correct, as	his return, including accompanying schedules and stand complete.	atements, and
Sign to the best of my ki			
Here		Print Your	
Signature		Name and Title	Date
	1 Act Notice, see page 1 of separate		n <b>941</b> (Rev. 1-2001)

<sup>\*</sup>Include a statement explaining that the other adjustment comprised of uncollected employee Social Secuarity tax (\$41.85) and uncollected Medicare tax (\$9.79) on GTL1

## Annual Mock-up, Form 941

# Form **941**

**Employer's Quarterly Federal Tax Return** 

(Rev. January 2001) Department of the Treasury Internal Revenue Service (O)

4141

See separate instructions for information on completing this form

Enter st code for in which deposits made O	state 1 s were	Name(as distingt	uished from trade nam	ne)		Date quarter	ended		OMI T FF FD FP	3 No. 1545	-0029
differen state in	t from	Trade name, if a	ny			Employer 10			I T		
address tne rign (see		Address (number	r and street)			55-5678910 City, state, a		le			
page 3 o		123 EDUCATIO	, in the second			Baltimore, M					
It address different from pri return, c here	or heck 5 5	5 6 7	7 8 8 8 8	8 8	9 9	9 10		10 10 10 10	10 1	0	
			e, check here employers on page 1 c				_	s paid			
1 Nur	nber of employees (	except household	) employed in the pay	period that i	includes	March 12th			1	10	
2 Tota	al wages and tips, pl	us other compens	sation ips, and sick pay						2	529059 105646	00 80
4 Adj	ustment of withheld	l income tax for pr	receding quarters of ca	alendar year					4		
5 Adj	usted total of incom	e tax withheld (lii	ne 3 as adjusted by lin	ne 4 - see inst	ructions 9574	s) 100			5 6b	105646 45827	80 17
Taxa	able social security t	ips		6c \$403	35	00		2.4%(.124) =	6d	500	34
/ Tax	able Medicare wage	es and tips		. 7a \$513	3659	00	X 2	2.9%(.029) =	7b	14896	11
are	not subject to social	security and/or N	(add lines 6b, 6d, and Medicare tax						8	61223	62
9 Adj Sick	ustment of social se	curity and Medica Fractions of Cen	are taxes (see instructi	ions for requi + Oth	ired exp er \$	lanation) 51 64	=	<u></u>	9	<786	04>
10 Ad	justed total of social	security and Med	its \$ dicare taxes (line 8 as	adjusted by	line 9-se	ee instruction	ıs)		10	60437	58
11 Tot	al taxes (add lines 5	and 10)							11	166084	38
12 Ad	vance earned incom	e credit (EIC) pay	yments made to emplo . This should equal lin	yees	 . (d) hel				12		<u> </u>
			· · · · · · · · · · · · · · · · · · ·						13	166084	38
14 Tot	al deposits for quar	ter, including over	rpayment applied from	n a prior qua	rter				14	166084	38
15 Bal	ance due (subtract l	ine 14 from line 1	13). See instructions.						15		
		4 is more than line Applied to no	e 13, enter excess here ext return OR	e 		\$funded.					
0.	All filers: If line 13 Semiweekly schedu	is less than \$500, le depositors: Coi	you need not completemplete Schedule B and	te line 17 or s	Schedul	le B.					
			lete line 17, columns (								
	nthly Summary of I						ule deposit		:1:4 (		
(a	) First month liabilit	y (b) Secon	nd month liability	(c) Inir	u mont	h liability		(d) Total liab	шцу 1	or quarter	
			that I have examined			g accompany	ing schedu	les and statemer	nts, ar	nd	
Sign	to the best of my ki	iowieage and beli	ief, it is true, correct, a	and complete	;.						
Here						Print You	r				
11010	Signature					Name and				Date	
For Pap	erwork Reduction	Act Notice, see	e page 1 of separate	instruction	S.	Cat. No	o. 17001Z	Form <b>94</b> 1	1 (	Rev. 1-20	01)

## Combined W-3 for full-FICA W-2s, FICA-Exemp W-2, and optional combined MQGE and full-fica W-2

b	941 Military	OMB No. 1545-0008	1 Wages, tips, other compensation	2 Federal income tax withheld
Kind	X L	ا ا	\$ 475059.00	\$ 94846.80
of	Hshld	Medicare third-party	3 Social security wages	4 Social security tax withheld
Payer	CT-1 emp	govt. emp. sick pay	\$ 369574.00	\$ 23121.91
: Total numbe	er of forms W-2	d Establishment number	5 Medicare wages and tips	6 Medicare tax withheld
	10		\$ 459659.00	\$ 6665.05
Employer id	dentification number		7 Social security tips	8 Allocated tips
	55-5678910		\$ 4035.00	\$
Employer's r		·	9 Advance EIC payments	10 Dependent care benefits
	CABO <sup>*</sup>	T COVE SCHOOL	. <u>.                                   </u>	\$
			11 Nonqualified plans	12 Deferred compensation
		DUCATION WAY	\$	
	Baltimo	ore, MD 21201	13 For third-party sick pay use only	
			14 Income tax withheld by payer of thir	d-party sick pay
g employer's a	address and ZIP code		\$ 2240.00	
n Other EIN us	sed this year			
15 State	Employe	r's state ID number	16 State wages, tips, etc.	17 State income tax \$
			18 Local wages, tips, etc. \$	19 Local income tax \$
Contact perso	n		Telephone number ( )	For Official Use Only
E-mail addres	S		Fax number ( )	
	es of perjury, I declare correct, and complete	tnat i nave examined this return a	and accompanying documents, and, to the	pest of my knowledge and belief
ianatura			Title	Data

Signature Date

W-3 Transmittal of Wage and Tax Statements Form

2001

Department of the Treasury Internal Revenue Service

## Active/full-FICA

a Control n	umber	22222 Void F	For Official Use OMB No. 1545-	,		
b Employe	r Identification number 55-5678910				1 Wages, tips, other compensation \$ 45229.00	2 Federal income tax withheld \$ 9045.80
c Employe	's name, address, and ZIF	code			3 Social security wages \$ 45229.000	4 Social security tax withheld \$ 2804.20
	CABOT COVE SCHOOL 123 EDUCATION WAY	S			5 Medicare wages and tips \$ 45229.00	6 Medicare tax withheld \$ 655.82
	BALTIMORE, MD 21201				7 Social Security tips \$	8 Allocated tips \$
	e's social security number 699-01-0101				9 Advance EIC payment     \$	10 Dependent care benefits \$
e Employe	e's first name and initial	Last name			11 Nonqualified plans	12a See instructions for box 12
	507 ELM RD BALTIMORE, MD 21201				13 Statutory Retirement Third-party emproyee plan sick pay	12b c 12c c 12c c 12d
,	s's address and Zip code	-h		7. 04-4- : 4-	**************************************	- 1-
15 State	Employer's state ID num	\$		7 State income ta	x 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
Form		Wage and Tax Statement		2001	•	ne Treasury-Internal Revenue Service or Privacy Act and Paperwork Reduction Act Notice, see separate instructions

Cat. No. 10134D

## Active /full-FICA

Copy A For Social Security Administration

Сору А гог эосіаг эесинцу Антінняцаціон-эени ціїх енціге

a Control nu	ımber	22222 V		icial Use Only lo. 1545-0008				
. ,	Identification number 55-5678910	ZZZZZ V	Old OWID I	0. 1343-0000	9	1 Wages, tips, other compensation \$ 35550.00		2 Federal income tax withheld \$ 7110.00
c Employer's	s name, address, and Z	IP code			9	3 Social security wages \$ 31515.00	-	4 Social security tax withheld \$ 2204.10
	CABOT COVE SCHOO 123 EDUCATION WAY				93	5 Medicare wages and tips \$ 35550.00	333333	6 Medicare tax withheld \$ 515.48
	BALTIMORE, MD 2120				9	7 Social Security tips \$ 4035.00		8 Allocated tips \$
	's social security numbe 234-56-7890				5	9 Advance EIC payment \$		10 Dependent care benefits \$
. ,	's first name and initial চা⊨ে	(	ast name			11 Nonqualified plans		12a See instructions for box 12
	432 SMITH AVE. BALTIMORE, MD 2120					13 Statutory Retirement Third-party employee plan slock pay  14 Other		12b c
	s address and Zip code							-  - 12d  -  -
15 State	Employer's state ID nu	ımber 1 \$	6 State wages, tips, e	tc. 17 State income	tax	18 Local Wages, tips, etc.	19	Local Income tax 20 Locality name
Form	W-2	Wage and Statement		2001		·	or Pr	reasury-Internal Revenue Service rivacy Act and Paperwork Reduction α notice, see separate instructions

## Active/full-FICA

a Control nui	ımber	22222 Void 🗔	For Official Use Only OMB No. 1545-0008				
b Employer I	Identification number				1 Wages, tips, other compensation		2 Federal income tax withheld
5	55-5678910				\$ 136000.00		\$ 27200.00
c Employer's	s name, address, and ZI	P code			3 Social security wages		4 Social security tax withheld
					\$ 80400.00		\$ 4984.80
C	CABOT COVE SCHOOL	S			5 Medicare wages and tips		6 Medicare tax withheld
1	123 EDUCATION WAY				\$ 136000.00		\$ 1972.00
В	BALTIMORE, MD 21201	l			7 Social Security tips		8 Allocated tips
					\$		\$
d Employee's	's social security number				9 Advance EIC payment		10 Dependent care benefits
5	567-89-0123				\$		\$
e Employee's	's first name and initial	Last name			11 Nonqualified plans		12a See instructions for box 12
_							-
	TAE-JIN	KIM			<del>-</del>		- -
					13 Statutory Retirement Third-party		12b
					employee plan sick pay		
							Ų.
_	567 EASTERN AVE.				14 Other		12c
	BALTIMORE, MD 21201						
							12d
							ī l
f Employee's	s address and Zip code						-
	Employer's state ID nur	nber 16 State wage	s. tips. etc. 17 State income	e tax	18 Local Wages, tips, etc.	19	Local Income tax 20 Locality name
1	, ,,	\$			3		
		s				<b></b>	
L L	,		2001			8	****
		Wage and Tax	2001		Department of the	ne Tr	reasury-Internal Revenue Service
Form	W-2	Statement			Fo	or Pr	ivacy Act and Paperwork Reduction
						Act	Notice, see separate instructions

Cat. No. 10134D

## Active/full-FICA

Copy A For Social Security Administration

Copy A For Social Security Administration

a Control	number		ficial Use Only lo. 1545-0008		
b Employe	er Identification number			Wages, tips, other compensation	Federal income tax withheld
	55-5678910			\$ 27383.00	\$ 5476.60
c Employe	er's name, address, and ZIP of	code		3 Social security wages	4 Social security tax withheld
				\$ 25783.00	\$ 1598.55
	CABOT COVE SCHOOLS			5 Medicare wages and tips	6 Medicare tax withheld
	123 EDUCATION WAY			\$ 25783.00	\$ 373.85
	BALTIMORE, MD 21201			7 Social Security tips	8 Allocated tips
				\$	\$
d Employe	ee's social security number			9 Advance EIC payment	10 Dependent care benefits
	456-78-9012			\$	\$
e Employe	ee's first name and initial	Last name		11 Nonqualified plans	12a See instructions for box 12
	JOSE	SCHAEFFER			ū į
		GONALITER		Ψ	e J \$ 7466.67
				13 Statutory Retirement Third-party employee plan sick pay	12b
				emblovee blan sick bav	<u> </u>
				14 Other	
	901 AIRY WAY BALTIMORE, MD 21201			14 Otner	12c
	DALTINONE, IND 21201				- ,
				SK PAY - Acme Ins. Co.	12d
				CICTAL Acine inc. Co.	-
					- I.
f Employe	e's address and Zip code				
15 State	Employer's state ID numb	er 16 State wages, tips, e	etc. 17 State income	tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
		\$			
		\$			
	W	/age and Tax	2001	Department of the	Treasury-Internal Revenue Service
Form		tatement		•	Privacy Act and Paperwork Reduction
1 01111	44-Z	acomonic			Act Notice, see separate instructions
Conv. A For	Coolal Coourity Administration		Cat. No. 10134D	,	, coparato monactione

58

## Active/full-FICA

38388	Official Use Only 3 No. 1545-0008	_	
b Employer Identification number 55-5678910		other compensation 2 25172.00 \$	2 Federal income tax withheld 5 5034.40
c Employer's name, address, and ZIP code	3 Social securit	ty wages 25172.00 \$	4 Social security tax withheld 5 1560.66
CABOT COVE SCHOOLS 123 EDUCATION WAY	5 Medicare wag \$	25172.00 \$	
BALTIMORE, MD 21201	7 Social Securit	ty tips 8	8 Allocated tips
d Employee's social security number 678-90-1234	9 Advance EIC \$	payment 1	Dependent care benefits
e Employee's first name and initial Last name  LOIS G SHEPPARD  945 BOWSER ST. BALTIMORE, MD 21201	11 Nonqualified  - 13 Statutory employee	Retirement Third-party  Plan SICK Pay	2a See instructions for box 12
f Employee's address and Zip code	14 Other	-   <u>-</u>   1   -   -   -	2c
15 State Employer's state ID number 16 State wages, tips \$	s, etc. 17 State income tax 18 Local	Wages, tips, etc. 19 L	Local Income tax 20 Locality name
Wage and Tax Form <b>W-2</b> Statement	2001	For Priv	easury-Internal Revenue Service vacy Act and Paperwork Reduction Notice, see separate instructions

Cat. No. 10134D

## Active (MQGE/full-FICA)

Copy A For Social Security Administration

Copy A For Social Security Administration

a Control i	number		ial Use Only . 1545-0008		
b Employe	er Identification number			1 Wages, tips, other compensation	2 Federal income tax withheld
	55-5678910			\$ 60500.00	\$ 12100.00
c Employe	er's name, address, and ZIP o	ode		3 Social security wages	4 Social security tax withheld
	04P0T 00VF 00U00U0			\$ 30250.00	\$ 1875.50
	CABOT COVE SCHOOLS			5 Medicare wages and tips	6 Medicare tax withheld
	123 EDUCATION WAY			\$ 60500.00	\$ 877.25
	BALTIMORE, MD 21201			7 Social Security tips \$	8 Allocated tips \$
d Employe	ee's social security number			9 Advance EIC payment	10 Dependent care benefits
	023-45-6789			\$	\$
e Employe	ee's first name and initial	Last name		11 Nonqualified plans	12a See instructions for box 12
	JOHN R	McNAMARA		+	u -
	800 CLARK RD SEVERN, MD 21144			13 Statutory Retirement Third-party employee plan slox pay	12b 0 - - <b>J</b> -
				14 Other	12c - - 12d
f Employe	e's address and Zip code				- - - - -
15 State	Employer's state ID number	er 16 State wages, tips, etc	. 17 State income	tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
<b></b>	. <b></b>	\$			
	W	age and Tax	2001	Department of the	ne Treasury-Internal Revenue Service
Form		atement		•	or Privacy Act and Paperwork Reduction
	On sint On south . Administration		O-1 No 40404D		Act Notice, see separate instructions

# Active/full-FICA-exempt

a Control r	number				cial Use Only				
		22222	Void	OMB No	. 1545-0008				
b Employe	r Identification number						1 Wages, tips, other compensation		2 Federal income tax withheld
	55-5678910						\$ 56000.00		\$ 11200.00
c Employe	r's name, address, and	ZIP code					3 Social security wages \$		4 Social security tax withheld \$
	CABOT COVE SCHOOL						5 Medicare wages and tips		6 Medicare tax withheld
	123 EDUCATION WAY						\$		\$
	BALTIMORE, MD 212	201					7 Social Security tips \$		8 Allocated tips \$
d Employe	e's social security numb	er					9 Advance EIC payment		10 Dependent care benefits
	701-23-4567						\$		\$
e Employe	e's first name and initial		Last name	!			11 Nonqualified plans	_	12a See instructions for box 12
	MARY V		SMITH				-		u -  -
f Employee	1205 TOWER ST BALTIMORE, MD 212 e's address and Zip cod						13 Statutory Retirement Third-party emproyee plan slux pay  14 Other		12b
15 State	Employer's state ID n		16 Ctata	uaaaa tina at	c. 17 State incom		10 Lecal Wages tips ats	10	Local Income tax 20 Locality name
15 State		umbei	\$ \$	vages, tips, et	3. Tr State incom	e la	ax 18 Local Wages, tips, etc.		20 Locality Hame
	_	Wage a			2001		Department of	the T	reasury-Internal Revenue Service
Form	W-2	Stateme	ent						rivacy Act and Paperwork Reduction
Copy A For	Social Security Admini	stration			Cat. No. 10134D			Ac	t Notice, see separate instructions

## Active/full-FICA)

Copy A For Social Security Administration

a Control	number	200000	For Official Use Only OMB No. 1545-0008					
b Employ	er Identification number			1 W	ages, tips, other compensation		2 Federal income tax withheld	т
	55-5678910			\$	50150.00		\$ 10000.00	
c Employe	er's name, address, and z	ZIP code		3 So	cial security wages		4 Social security tax withheld	
				\$	50150.00		\$ 3109.30	
	CABOT COVE SCHOO	LS		5 Me	dicare wages and tips		6 Medicare tax withheld	Т
	123 EDUCATION WAY			\$	50150.00		\$ 727.18	
	BALTIMORE, MD 2120	01		7 So	cial Security tips		8 Allocated tips	Т
				\$			\$	
d Employ	ee's social security numb	er		9 Ad	vance EIC payment		10 Dependent care benefits	
	666-78-9012			\$			\$	
e Employ	ee's first name and initial	Last name		11 No	onqualified plans		12a See instructions for box 12	
	THOMAS J	MASON		Ψ			e C \$ 150.00	
	911 BANK ST BALTIMORE, MD 2122 ee's address and Zip code			13			12b c g s s 12c c c c c c c c c c c c c c c c c c c	
15 State	Employer's state ID nu	ımber 16 State wages,	tips, etc. 17 State income	ax	18 Local Wages, tips, etc.	19	Local Income tax 20 Locality name	
 	<u> </u>	\$						
		\\$	2001					_
		Wage and Tax	2001		Department of the	ne Tr	reasury-Internal Revenue Service	
Form	W-2	Statement			Fo	r Pri	ivacy Act and Paperwork Reduction	
						Act	Notice, see separate instructions	

## Retired/full-FICA

a Control number For Official Us	•	
b Employer Identification number 55-5678910	1 Wages, tips, other compensation \$ 38400.00	2 Federal income tax withheld \$ 7680.00
c Employer's name, address, and ZIP code	3 Social security wages \$ 80400.00	4 Social security tax withheld \$ 4984.80
CABOT COVE SCHOOLS 123 EDUCATION WAY	5 Medicare wages and tips \$ 80600.00	6 Medicare tax withheld \$ 1168.70
BALTIMORE, MD 21201	7 Social Security tips \$	8 Allocated tips \$
d Employee's social security number 719-54-3210	9 Advance EIC payment \$	10 Dependent care benefits \$
e Employee's first name and initial Last name  NICOLE CRAIG	11 Nonqualified plans -	12a See instructions for box 12
657 JOE RD BALTIMORE, MD 21202	13 Statutory Retirement Third-party епіріоуее ріап sick рау	12b c v  12c
6 Employeds address and 75 ands		-   -   12d
f Employee's address and Zip code  15 State Employer's state ID number 16 State wages, tips, etc. \$  \$ \$ \$	17 State income tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
Wage and Tax Form W-2 Statement	•	the Treasury-Internal Revenue Service  For Privacy Act and Paperwork Reduction Act Notice, see separate instructions

Cat. No. 10134D

## Retired/full-FICA)

Form

W-2

Copy A For Social Security Administration

Statement

Copy A For Social Security Administration

a Control number For Official Use Only		
22222 Void OMB No. 1545-0008		
Employer Identification number	Wages, tips, other compensation	Federal income tax withheld
55-5678910	\$ 675.00	\$
Employer's name, address, and ZIP code	3 Social security wages	Social security tax withheld
	\$ 675.00	\$
CABOT COVE SCHOOLS	5 Medicare wages and tips	6 Medicare tax withheld
123 EDUCATION WAY	\$ 675.00	\$
BALTIMORE, MD 21201	7 Social Security tips	8 Allocated tips
	\$	\$
Employee's social security number	9 Advance EIC payment	10 Dependent care benefits
543-21-0987	\$	\$
Employee's first name and initial Last name	11 Nonqualified plans	12a See instructions for box 12
		ž
SAMUEL L JOHNSON		u I
	13 Statutory Retirement Third-party	e C \$ 675.00
1122 CHEDDY I ANE DD	employee plan sick pay	
1122 CHERRY LANE RD SEVERN, MD 21144		C O
		0 e M \$ 41.85
	14 Other	12c
		C O
		e N \$ 9.79
		12d
		C -
		- I-
Employee's address and Zip code		
5 State Employer's state ID number 16 State wages, tips, etc. 17 State in	ncome tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
\$		
\$		
Wage and Tax 200	Department of the	e Treasury-Internal Revenue Service

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions

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# W-3 for MQGE W-2s

a Control number	r		For Officia	l Use Only		_		
				1545-0008				
b	<u>94</u> 1	M <u>ilitary</u>	943		1	Wages, tips, other compensation	2	Federal income tax withheld
Kind	Ш				\$	54000.00	\$	10800.00
of		Hshld	Medicare	third-party	3	Social security wages	4	Social security tax withheld
Payer	CT-1	emp	govt. emp.	sick pay	\$		\$	
c Total number of	f forms W-2		d Establish	nment number	5	Medicare wages and tips	6	Medicare tax withheld
	1				\$	54000.00	\$	783.00
e Employer ident	ification nur	nber	•		7	Social security tips	8	Allocated tips
55-5678910				\$		\$		
f Employer's nam	ne				9	Advance EIC payments	1	0 Dependent care benefits
		CABOT	COVE SCH	OOL			\$	
					Ν	onqualified plans	1	2 Deferred compensation
		123 EDI	JCATION W	AY	\$		\$	
		Baltimor	e, MD 2120	1	1:	3 For third-party sick pay use only		
					14	4 Income tax withheld by payer ofth	ird-r	party sick pay
g Employer's add	ress and ZII	P code			\$			
h Other EIN used								
15 State		Employer's	s state ID nu	mhor	1/	6 State wages, tips, etc.	////// 1	7 State income tax
15 State		Employers	s state ID Hu	ilibei	\$	o State wages, tips, etc.	\$	7 State income tax
					18	8 Local wages, tips, etc.		9 Local income tax
					<b>%</b>	Talandana	\$	
Contact person						Telephone number		For Official Use Only
C					+	( )	4	
E-mail address						Fax number ( )		
Under penalties of perthey are true, correct			ve examined th	nis return and ac	com	panying documents, and, to the best of m	ny kn	owledge and belie
Signature						Title		Date

2001

Department of the Treasury Internal Revenue Service

Transmittal of Wage and Tax Statements

W-3

Form

## Active/MQGE

a Control number	For Official Use Only OMB No. 1545-0008		
b Employer Identification number	OMB No. 1545-0008	1 Marca tine other componenties	2 Federal income tax withheld
55-5678910		1 Wages, tips, other compensation	
		\$ 54000.00	\$ 10800.00
c Employer's name, address, and ZIP code		3 Social security wages	4 Social security tax withheld
		\$	\$
CABOT COVE SCHOOLS		5 Medicare wages and tips	6 Medicare tax withheld
123 EDUCATION WAY		\$ 54000.00	\$ 783.00
BALTIMORE, MD 21201		7 Social Security tips	8 Allocated tips
d Employee's social security number 345-67-8901	_	9 Advance EIC payment	10 Dependent care benefits
e Employee's first name and initial Last	name	11 Nonqualified plans	12a See instructions for box 12
ALFREDO G MAF	RANO		C C
ALI KEDO G	VAIVO	\$ 13 Statutory Retirement Third-party	e S
123 MAPLE STREET BALTIMORE. MD 21201		13 Statutory Retirement Third-party employee plan sick pay	12b c d
		14 Other	12c
			120 c d
f Employee's address and Zip code			
15 State Employer's state ID number 16 S	State wages, tips, etc. 17 State income	ne tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
s			
Wage and T	Гах 2001	Department of t	the Treasury-Internal Revenue Service
Form W-2 Statement		Fc	or Privacy Act and Paperwork Reduction
Copy A For Social Security Administration-Send page with Form W-3 to the Social Security Administration photocopies are not acceptable.			Act Notice, see separate instructions

Do Not Cut, Fold, or Staple Forms on This Page - Do Not Cut, Fold, or Staple Forms on This Page

# PART 2 EMPLOYEE WAGE AND TAX STATEMENTS FORMS W-3 AND W-2

#### Introduction

Part 2 contains Forms W-2 and various supporting Forms W-3. This information illustrates, on pages 67 through 82, correct versus incorrect reporting for:

- Employee names and SSNs;
- An EIN;
- Social Security wages and taxes;
- Medicare wages and taxes;
- FICA-Exempt wages and taxes;
- GTLI over \$50,000;
- Third-party sick pay; and
- Nonqualified deferred compensation.

Part 2 also illustrates both the split and combined reporting options for a State or Local Government employee who earned wages subject to the Medicare tax only, then became covered for full-FICA effective July 1, 2001.

- Two sets of W-2/W-3 forms (pages 83-84) illustrate the split reporting option with wages earned under each type of employment. The data on each Form W-2 is separately isolated for that employee on a corresponding Form W-3 to illustrate how Cabot Cove should incorporate the Form W-2 data on separate Forms W-3, each reflecting a different type of employment.
- One set of Forms W-2/W-3 (page 85) illustrates the combined reporting option and isolates how the Form W-3 should reflect only one type of employment (i.e., 941).

## FORM W-2: CORRECT vs. INCORRECT REPORTING - COMMON ERRORS

A. Elizabeth Lee Strosnider is an employee subject to full-FICA. No tips were earned. The following W-2 facsimile illustrates the correct way to prepare the W-2

	T			
a Control number 22222	For Official Use Only OMB No. 1545-0008			
b Employer Identification number			1 Wages, tips, other compensation	2 Federal income tax withheld
55-5678910			\$ 45229.00	\$ 9045.80
c Employer's name, address, and ZIP code			3 Social security wages	4 Social security tax withheld
			\$ 45229.00	\$ 2804.20
CABOT COVE SCHOOLS			5 Medicare wages and tips	6 Medicare tax withheld
123 EDUCATION WAY			\$ 45229.00	\$ 655.82
BALTIMORE, MD 21201			7 Social Security tips	8 Allocated tips
			\$	\$
d Employee's social security number 699-01-0101			9 Advance EIC payment \$	10 Dependent care benefits \$
e Employee's first name and initial	Last name		11 Nonqualified plans	12a See instructions for box 12
ELIZABETH L	STROSNIDER		<del>,</del>	- -
567 ELM RD. BALTIMORE. MD 21201			13 Statutory Retirement Third-party emproyee plan sick pay	12b c u -
			14 Other	12c - - 12d
				- - - -
t Employee's address and ∠ip code				
15 State Employer's state ID number	16 State wages, tips, etc. 17 State	e income ta	x 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
Wana	and Tax		Department of the	e Treasury-Internal Revenue Service
Form <b>W-2</b> Staten		01	·	Privacy Act and Paperwork Reduction
<del>-</del>		-		Act Notice. see separate instructions
Copy A For Social Security Administration	Cat. No. 101	134D		

The following W-2 for Elizabeth Lee Strosnider is incorrect. Please review these common errors and the discussion of these errors below the W-2.

a Control number	For Official Use Only Void OMB No. 1545-0008			
b Employer Identification number	<u> </u>	1 V	Vages, tips, other compensation	2 Federal income tax withheld
55-5678910		\$	45229.00	\$ 9045.80
c Employer's name, address, and ∠IP code		3 S \$	ocial security wages 45229.00	4 Social security tax withheld \$ 2804.20
CABOT COVE SCHOOLS		5 N	ledicare wages and tips	6 Medicare tax withheld
123 EDUCATION WAY		\$	45229.00	\$ 655.82
BALTIMORE, MD 21201		7 S \$	ocial Security tips	8 Allocated tips \$
d Employee's social security number		9 A	dvance EIC payment	10 Dependent care benefits
555-67-8910		\$		\$
e Employee's first name and initial	Last name	11 1	Nonqualified plans	12a See instructions for box 12
BETTY L	STROSNIDER	-		Ü [+
567 ELM RD BALTIMORE, MD 21201		13	Statutory Retirement Third-party employee pian sick pay	12b c o
		14 C	ther	12c c c c c c c c c c c c c c c c c c c
↑ Employee's address and ∠ip code				
15 State Employer's state ID number	\$	ate income tax	18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
Wage a	and Tax	***	Department of	of the Treasury-Internal Revenue Service
Form W-2 Statem		001	F	For Privacy Act and Paperwork Reduction

The W-2 above is incorrect because the preparer recorded the EIN in box d. "Employee's Social Security number" and used the employee's nickname in box e. "Employee's name" instead of the proper first name. The name used in box e should be same as the name shown on the Social Security card. Recording an incorrect or improper name may result in SSA being unable to credit the wages to the employee's Social Security record. A typical error, as in this example, occurs when the preparer substitutes a nickname for the proper first name. Incorrect SSNs are also a common problem. Preparers frequently transpose digits, use another person's SSN, enter the EIN instead of the SSN or fail to record the complete SSN

Cat. No. 10134D

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Act Notice, see separate instructions

B. Diego Garcia-y-Vega is an employee subject to full-FICA. Unallocated tips equaled \$4,035.00.

a Control i	number	22222 Void	For Official Use Only OMB No. 1545-0008		
b Employe	er Identification number			Wages, tips, other compensation	2 Federal income tax withheld
	55-5678910			\$ 35550.00	\$ 7110.00
c Employe	er's name, address, and Z	IP code		3 Social security wages	4 Social security tax withheld
				\$ 31515.00	\$ 2204.10
	CABOT COVE SCHOOL	LS		5 Medicare wages and tips	6 Medicare tax withheld
	123 EDUCATION WAY			\$ 35550.00	\$ 515.48
	BALTIMORE, MD 2120	1		7 Social Security tips	8 Allocated tips
	•			\$ 4035.00	\$
d Employe	ee's social security numbe 234-56-7890	r		9 Advance EIC payment     \$	10 Dependent care benefits \$
e Employe	ee's first name and initial	Last name		11 Nonqualified plans	12a See instructions for box 12
					=
	DIEGO	GARCIA-v-VE	GA .	-	u -
				13 Statutory Retirement Third-party	12b
	432 SMITH AVE			еттргоуее ргат - sicк рау	C C
	BALTIMORE, MD 2120	1			
				14 Other	12c
				14 Outo	
					i.
					12d
					-
					-  -
t Employe	e's address and ∠ıp code				
15 State	Employer's state ID nu	mber 16 State wage	s, tips, etc. 17 State income	tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
	1	Ф			
		) b			
		Wage and Tax		Department of the	ne Treasury-Internal Revenue Service
Form	W-2	Statement	2001	Fo	or Privacy Act and Paperwork Reduction
Copy A Fo	r Social Security Administ	ration	Cat. No. 10134D		, activated, and apparation motivations

The following W-2 for Diego Garcia-y-Vega is incorrect. Please review these common errors and the discussion of these errors below the W-2.

38888	Official Use Only B No. 1545-0008	
b Employer Identification number	1 Wages, tips, other compe	ensation 2 Federal income tax withheld
55-5678910	\$ 35550.0	00 \$ 7110.00
c Employer's name, address, and ZIP code	3 Social security wages	Social security tax withheld
	\$ 31515.0	00 \$ 2719.58
CABOT COVE SCHOOLS	5 Medicare wages and tips	6 Medicare tax withheld
123 EDUCATION WAY	\$ 35550.0	00 \$
BALTIMORE, MD 21201	7 Social Security tips	8 Allocated tips
	\$ 4035.0	\$
d Employee's social security number	9 Advance EIC payment	10 Dependent care benefits
234-56-7890	\$	\$
e Employee's first name and initial Last name	11 Nonqualified plans	12a See instructions for box 12
DIEGO GARCIA-v-VEGA	<b>-</b>	٦
432 SMITH AVE. BALTIMORE. MD 21201	employée pian	nt Third-party 12b c c c c c c c c c c c c c c c c c c c
	14 Other	12c c - - - 12d
		]-  -  -
t Employee's address and ∠ip code		
15 State Employer's state ID number 16 State wages, tip	s, etc. 17 State income tax 18 Local Wages, tips,	etc. 19 Local Income tax 20 Locality name
Wago and Tax		
Wage and Tax		Department of the Treasury-Internal Revenue Service
Form W-2 Statement	2001	For Privacy Act and Paperwork Reduction Act Notice, see separate instructions

The W-2 above is incorrect because the preparer neglected to calculate the Medicare tax liability and failed to apply the correct tax rate to Social Security wages and tips (by applying the combined Social Security/Medicare tax rate of 7.65 percent to the total Social Security wages instead of the correct Social Security rate of 6.2 percent). The taxes should have been calculated as follows:

Cat. No. 10134D

Social Security tax Withheld:  $(\$31.515.00 \text{ [box 3]} + \$4035.00 \text{ [box 7]}) \times 6.2\% = \$2.204.10$  Medicare tax withheld:  $(\$35,550.00 \text{ [box5]}) \times 1.45\% = \$515.48$ 

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## C. Alfredo Giuseppe Richardo Marano is an employee subject to Medicare taxes only.

a Control num	nber	For Officia	I Use Only			
	22222	Void OMB No.	1545-0008			
b Employer Ide	lentification number			1 Wages, tips, other compensation	n 2 Federal income tax withheld	
55	5-5678910			\$ 54000.00	\$ 10800.00	
c Employer's r	name, address, and ZIP code			3 Social security wages \$	4 Social security tax withheld \$	
CA	ABOT COVE SCHOOLS			5 Medicare wages and tips	6 Medicare tax withheld	
12	3 EDUCATION WAY			\$ 54000.00	\$ 783.00	
ВА	ALTIMORE, MD 21201			7 Social Security tips \$	8 Allocated tips \$	Т
d Employee's	social security number			9 Advance EIC payment	10 Dependent care benefits	_
	15-67-8901			\$	\$	
e Employee's	first name and initial	Last name		11 Nonqualified plans	12a See instructions for box 12	Т
AL	FRED G	MARANO			[u	
12 BA	23 MAPLE ST. ALTIMORE, MD 21201			13 Statutory Retirement Thin employee ріап зіск		
. ,	address and Zip code					
15 State E	Employer's state ID number	16 State wages, tips, etc. \$	17 State income to	ax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name	
	_	and Tax	2001	Depa	artment of the Treasury-Internal Revenue Service	
Form <b>V</b>	<b>V-2</b> Statem	ent			For Privacy Act and Paperwork Reduction Act notice, see separate instructions	
Copy A For So	ocial Security Administration		Cat. No. 10134D		·	

The following W-2 for Alfredo Giuseppe Richardo Marano is incorrect. Please review these common errors and the discussion of these errors below the W-2.

a Control number	For Official Hos Only		
a Control number 22222 Void F	For Official Use Only OMB No. 1545-0008		
b Employer Identification number	OWB 140. 1343-0000	1 Wages, tips, other compensation	2 Federal income tax withheld
55-5678910		\$ 54000.00	\$ 10800.00
c Employer's name, address, and ZIP code		3 Social security wages	4 Social security tax withheld
		\$ 54000.00	\$ 3348.00
CABOT COVE SCHOOLS		5 Medicare wages and tips	6 Medicare tax withheld
123 EDUCATION WAY		\$ 54000.00	\$ 783.00
BALTIMORE, MD 21201		7 Social Security tips	8 Allocated tips
		\$	\$
d Employee's social security number		9 Advance EIC payment	10 Dependent care benefits
345-67-8901		\$	\$
e Employee's first name and initial Last name		11 Nonqualified plans	12a See instructions for box 12
ALFREDO R MARANO			ū į
7 ELLICEDO IX		13 Statutory Retirement Third-party	12b
123 MAPLE ST.		13 Statutory Retirement Third-party employee plan sick pay	C C
BALTIMORE, MD 21201			U _
		14 Other	12c
		14 Otner	C C
			- I
			12d
			c c
			[- -
f Employee's address and Zip code			
15 State Employer's state ID number 16 State v	vages, tips, etc. 17 State income t	tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
s			
\$			
Wage and Tax	2001	Department of the	e Treasury-Internal Revenue Service
04-4		·	•
Form W-2 Statement			r Privacy Act and Paperwork Reduction Act Notice, see separate instructions

In this example, the preparer erroneously reported Social Security wages and taxes instead of only reporting Medicare wages and taxes. The preparer also used the wrong middle initial in box e.

Copy A For Social Security Administration

D. Tae-Jin Kim is an employee subject to full-FICA.

55-5678910 \$ 136000.00 \$	ome tax withheld 27200.00 urity tax withheld 4984.80
c Employer's name, address, and ZIP code  3 Social security wages \$ 80400.00  CABOT COVE SCHOOLS  5 Medicare wages and tips  6 Medicare to	urity tax withheld 4984.80
\$ 80400.00 \$  CABOT COVE SCHOOLS \$ 6 Medicare to	4984.80
CABOT COVE SCHOOLS 5 Medicare wages and tips 6 Medicare to	
	1972.00
BALTIMORE, MD 21201 7 Social Security tips 8 Allocated ti	
S S S S S S S S S S S S S S S S S S S	ipo
d Employee's social security number 9 Advance EIC payment 10 Dependen	nt care benefits
567-89-0123	
e Employee's first name and initial Last name 11 Nonqualified plans 12a See instru	uctions for box 12
l	
TAE-JIN KIM	s
# Statuton Retiremen Third-party 12b	
567 EASTERN AVE. BALTIMORE. MD 21201	
	s
14 Other [12c	
l la	1
	IS
<u>                                     </u>	ls.
f Employee's address and Zip code	
15 State Employer's state ID number 16 State wages, tips, etc. 17 State income tax 18 Local Wages, tips, etc. 19 Local Income	tax 20 Locality name
5	
Wage and Tax 2001 Department of the Treasury-Internal Rev	venue Service
Form W-2 Statement For Privacy Act and Paper	
Act Notice, see separa	
14.1660, 050 05/40	

The following W-2 for Tae-Jin Kim is incorrect. Please review these common errors and the discussion of these errors below the W-2.

a Control number			$\overline{}$	For Official Use	Only				
a Control Humber	22222	Void		OMB No. 1545-	,				
b Employer Identification number 55-5678910						1 \$	Wages, tips, other compensation 136000.00		2 Federal income tax withheld \$ 27200.00
c Employer's name, address, and	ZIP code					3 : \$	Social security wages 80400.00	_	4 Social security tax withheld \$ 4984.80
CABOT COVE SCH 123 EDUCATION V	/AY					5   \$	Medicare wages and tips 80400.00		6 Medicare tax withheld \$ 1165.80
BALTIMORE, MD 2						\$	Social Security tips		8 Allocated tips \$
d Employee's social security numb 567-89-0123	er					\$	Advance EIC payment		10 Dependent care benefits \$
e Employee's first name and initial  KIM		Last nai				11	Nonqualified plans		12a See instructions for box 12 c d s
567 EASTERN AVE BALTIMORE, MD 2	: 21201					13	Statutory Retirement Third-party sick pay		12b c o o
						14	Other		12c c c
									12d c
f Employee's address and Zip code	e								*
15 State Employer's state ID n		\$	•	s, tips, etc.	17 State income		18 Local Wages, tips, etc.	19	9 Local Income tax 20 Locality name
	Wage a	nd Tax			2001		Department of t	the T	Treasury-Internal Revenue Service
Form W-2	Stateme	ent					F	or P	Privacy Act and Paperwork Reduction

Act Notice, see separate instructions

The W-2 above is incorrect because the preparer failed to recognize that the Medicare wage base differs from the Social Security wage base. The preparer inserted the Social Security wage base figure in the Medicare wages and tips box and calculated the Medicare tax amount based on the Social Security wage base figure. The preparer also erred by transposing the employee's first and last name in box e.

## E. Mary V. Smith is an employee subject to Federal taxes only.

a Contr	ol number		For Officia						
ļ		333333	Void OMB No. 1	545-0008			******	0.5.1.1.	
b Employer Identification number					Vages, tips, other compensation		2 Federal income tax with		
	55-5678910				\$	56000.00		\$ 1120	
c Empio	c Employer's name, address, and ZIP code				3 5	ocial security wages		4 Social security tax with	neid
	04D0T00VE00I	1001.0			\$			\$	
	CABOT COVE SCHOOLS				5 M	edicare wages and tips		6 Medicare tax withheld	
	123 EDUCATION W				<u>پ</u>			\$	
	BALTIMORE, MD 2	21201			8	ocial Security tips		8 Allocated tips	
					\$			\$	
a Emplo	oyee's social security r	number			9 A	dvance EIC payment		10 Dependent care benef	its
- Famili	701-23-4567	-4:-1	I t		\$	In a superior of the state of t	_	\$	10
e Empio	byee's first name and i	muai	Last name		1111	lonqualified plans		12a See instructions for bo	OX 12
	MARY V.		SMITH		-			ū -	
	1205 TOWER ST. BALTIMORE, MD 2	21201			13 14 O	Statutory Retiremen Third-party employee plan sick pay ther		12b c 0 	-
f Emplo	yee's address and Zip		16 State wages tipe of	III. State incom	o tox	18 Local Wages, tips, etc.		12d    	ocality name
io State	e Employer's state II	ושמוזוטפו !	16 State wages, tips, etc \$	. II State income	е ках	To Local Wages, tips, etc.	19	Local Income tax 20 Lo	cally name
	<del></del>		* \$						
		Wage and	Tax	2001	.0000	Department of	the Ti	reasury-Internal Revenue Service	,
Form	W-2	Statement				F	or Pr	ivacy Act and Paperwork Reducti	ion
						·		Notice, see separate instructions	
Copy A For Social Security Administration ca			Cat. No. 10134D						

The following W-2 for Mary V. Smith is incorrect. Please review these common errors and the discussion on these errors below the W-2.

a Control number For Official Use Only		
22222 Void OMB No. 1545-0008		
b Employer Identification number 55-5678910	1 Wages, tips, other compensation \$ 56000.00	2 Federal income tax withheld \$ 11200.00
c Employer's name, address, and ZIP code	3 Social security wages \$ 56000.00	4 Social security tax withheld \$ 3472.00
CABOT COVE SCHOOLS 123 EDUCATION WAY	5 Medicare wages and tips \$ 56000.00	6 Medicare tax withheld \$ 812.00
BALTIMORE, MD 21201	7 Social Security tips \$	8 Allocated tips \$
d Employee's social security number 701-23-4567	9 Advance EIC payment     \$	10 Dependent care benefits \$
e Employee's first name and initial Last name  MARY V. SMITH	11 Nonqualified plans	12a See instructions for box 12
WART V.	13 Statutory Retiremen Third-party	υ 12b
1205 TOWER ST. BALTIMORE, MD 21201	employee plan sick pay	U U U
	14 Other	12c
		12d
f Employee's address and Zip code		<b>V</b>
15 State Employer's state ID number 16 State wages, tips, etc. 17 State inc	come tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
\$		
Wage and Tax 2001	Department of the	e Treasury-Internal Revenue Service
Form W-2 Statement		r Privacy Act and Paperwork Reduction Act Notice, see separate instructions

In this example the preparer erroneously reported Social Security and Medicare Wages and taxes instead of only Wages, tips and other compensation and Federal income tax withheld. Mary V. Smith is a FICA-Exempt employee

#### REPORTING GROUP-TERM LIFE INSURANCE OVER \$50,000.

A. Thomas J. Mason is an employee subject to full-FICA. Mason's TY 2001 wages were \$50.000. Mason's insurance coverage is \$150.000. He is 41 years old. He pays \$54 per year for his coverage. The calculated benefit amount to include as taxable income to report for TY 2001 related to GTL1 over \$50,000 is \$150.

a Control number For Official Use Only		
b Employer Identification number	1 Wages, tips, other compensation	2 Federal income tax withheld
55-5678910	\$ 50150.00	\$ 10000.00
c Employer's name, address, and ZIP code	3 Social security wages \$ 50150.00	4 Social security tax withheld \$ 3109.30
CABOT COVE SCHOOLS	5 Medicare wages and tips	6 Medicare tax withheld
123 EDUCATION WAY	\$ 50150.00	\$ 727.18
BALTIMORE, MD 21201	7 Social Security tips \$	8 Allocated tips \$
d Employee's social security number 666-78-9012	9 Advance EIC payment \$	10 Dependent care benefits \$
e Employee's first name and initial Last name	11 Nonqualified plans	12a See instructions for box 12
THOMAS J. MASON		ဂ် C ၂, 150
911 BANK ST. BALTIMORE, MD 21224	13 Statutory Retiremen Third-party employee plan sick pav	12b C O
	14 Other	12c
		12d c c d
f Employee's address and Zip code	140	
15 State Employer's state ID number 16 State wages, tips, etc. 17 State income	ome tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
<b>\</b>		
Wage and Tax 2001	Department of the	e Treasury-Internal Revenue Service
Form W-2 Statement		

The following W-2 for Thomas J. Mason is incorrect. Please review these common errors and the discussion of these errors below the W-2.

3000		
a Control number For Official Use Only 22222 Void OMB No. 1545-0008		
b Employer Identification number	Wages, tips, other compensation	Federal income tax withheld
555-5678910	\$ 50000.00	\$ 10000.00
c Employer's name, address, and ZIP code	3 Social security wages	4 Social security tax withheld
	\$ 50000.00	\$ 3100.00
CABOT COVE SCHOOLS	5 Medicare wages and tips	6 Medicare tax withheld
123 EDUCATION WAY	\$ 50000.00	\$ 725.00
BALTIMORE, MD 21201	7 Social Security tips	8 Allocated tips
	\$	\$
d Employee's social security number	9 Advance EIC payment	10 Dependent care benefits
666-78-9012	\$	\$
e Employee's first name and initial Last name	11 Nonqualified plans	12a See instructions for box 12
		C
THOMAS J. MASON	_	ğ L
	13 Statutory Retiremen Third-party	12b
911 BANK ST. BALTIMORE. MD 21224	employee plan sick pay	c
BALTIMORE, MD 21224		0
	14 Other	12c
		C
		Ğ I
		12d
		C
		Γ. I
t Employee's address and Zip code		
15 State Employer's state ID number 16 State wages, tips, etc. 17 State incor	ne tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
5		
\$		
Wage and Tax 2001	Department of the	e Treasury-Internal Revenue Service
Form W-2 Statement	·	•
rom vv-z Glatement		

The W-2 above is incorrect because the preparer failed to include the benefit amount of GTL1 over \$50,000 in the FICA wages and in the wages, tips, other compensation. The preparer also failed to withhold the FICA taxes for the cost of GTL1 over \$50,000. GTL1 is subject to FICA tax withholding only. It is subject to federal income tax, but it is not subject to federal income tax withholding. The preparer also failed to disclose the GTL1 in Box 12 ("code C" is used for GTL1) of the Form W-2.

B. Samuel L. Johnson is a 58 year old retired employee. However he elected to continue his GTL1 coverage through Cabot Cove. His insurance coverage is \$125,000. The calculated benefit amount as taxable income related to GTL1 over \$50,000 is \$675.

a Control number For Official Use Only 22222 Void OMB No. 1545-0008		
b Employer Identification number	1 Wages, tips, other compensation	2 Federal income tax withheld
55-5678910	\$ 675.00	\$
c Employer's name, address, and ZIP code	3 Social security wages \$ 675.00	4 Social security tax withheld \$
CABOT COVE SCHOOLS	5 Medicare wages and tips	6 Medicare tax withheld
123 EDUCATION WAY	\$ 675.00	\$
BALTIMORE, MD 21201	7 Social Security tips \$	8 Allocated tips \$
d Employee's social security number 543-21-0987	9 Advance EIC payment \$	10 Dependent care benefits \$
e Employee's first name and initial Last name	11 Nonqualified plans	12a See instructions for box 12
SAMUEL L. JOHNSON	s	d e C \$ 675.00
1122 CHERRY LANDE RD SEVERN. MD 21144	13 Statutory Retiremen Third-party employee plan sick pay	12b c o d e M \$ 41.85
	14 Other	12c c o d d e N \$ 9.79
t Employee's address and ∠ip code		12d c o d e
	e income tax 118 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5		25 Essaity hame
Wage and Tax 200	)1 Department of the	he Treasury-Internal Revenue Service
Form W-2 Statement		•

The following W-2 for Samuel L. Johnson is incorrect. Please review these common errors and the discussion of these errors below the W-2.

a Control number For Official Use O	•	
b Employer Identification number	Wages, tips, other compensation	Federal income tax withheld
555-5678910	\$ 675.00	\$ 135.00
c Employer's name, address, and ZIP code	3 Social security wages	4 Social security tax withheld
CABOT COVE SCHOOLS 123 EDUCATION WAY	5 Medicare wages and tips	6 Medicare tax withheld
BALTIMORE, MD 21201	7 Social Security tips	8 Allocated tips
d Employee's social security number 543-21-0987	9 Advance EIC payment	10 Dependent care benefits
e Employee's first name and initial Last name	11 Nonqualified plans	12a See instructions for box 12
SAMUEL L. JOHNSON	s	o d e \$
1122 CHERRY LANE RD SEVERN, MD 21144	13 Statutory Retiremen Third-party employee plan sick pav	12b c o d e
	14 Other	12c c o d
		12d c o o
t Employee's address and ∠ip code		
15 State Employer's state ID number 16 State wages, tips, etc. 17	State income tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
	2004	
	2001 Department of the	the Treasury-Internal Revenue Service
Form W-2 Statement		

In this example, the preparer failed to (1) report the GTL1 as Social Security and Medicare wages and (2) disclose the GTL1 (using :code C") and uncollected Social Security and Medicare taxes (using "codes M and N" respectively). In addition, the preparer erroneously reported Federal income tax withheld (reported in Box 2).

#### NONQUALIFIED DEFERRED COMPENSATION

Cabot Cove contributes 2 percent of Nicole Craig's salary to a nonqualified deferred compensation plan (NQDCP). Nicole is not entitled to the total deferred amount under the NQDCP until retirement.

Nicole retired June 30, 2001 at age 55 and earned \$30,000 in salary up to that point.

Cabot Cove contributed \$600 to Nicole's NQDCP in 2001; Cabot Cove's aggragate contribution to Nicoles NQDCP were \$50,600.

Upon retirement, Nicole elects to withdraw \$1,500/month from the NQDCP and withdraws a total of \$9,000 from the plan in TY 2001.

a Contr	ol number	22222 Void 🗀	For Official Use Only OMB No. 1545-0008				
b Emplo	oyer Identification num 55-5678910	ber			1 Wages, tips, other compensation \$ 38400.00		2 Federal income tax withheld \$ 7800.00
c Emplo	oyer's name, address,	and ZIP code			3 Social security wages \$ 80400.00		4 Social security tax withheld \$ 4984.80
	CABOT COVE SCH 123 EDUCATION W	/AY			5 Medicare wages and tips \$ 80600.00		6 Medicare tax withheld \$ 1168.70
	BALTIMORE, MD 2				7 Social Security tips \$		8 Allocated tips \$
	oyee's social security n 719-54-3210				<ul><li>9 Advance EIC payment</li><li>\$</li></ul>		10 Dependent care benefits \$
e Emplo	oyee's first name and ii	nitial Last name			11 Nonqualified plans		12a See instructions for box 12 c
	NICOLE	CRAIG			\$ 13 Statutory Retiremen Third-party	_	d e \$ 12b
	657 JOE RD. BALTIMORE, MD 2	1202			employee plan sick pay		c o d e
					14 Other		12c c o d
							12d c o d e
	yee's address and Zip						
15 State	e Employer's state II	number 16 State wa \$ \$	ges, tips, etc. 17 State inco	me	tax 18 Local Wages, tips, etc.	19	D Local Income tax 20 Locality name
L	1	Wage and Tax	2001		Department of the	he T	reasury-Internal Revenue Service
Form	W-2	Statement	2001		•		rivacy Act and Paperwork Reduction
			0.11.404010		•		t Notice, see separate instructions
Copy A F	or Social Security Adminis	uauon	Cat. No. 10134D				

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The following W-2 for Nicole Craig is incorrect. Please review these errors and the discussion of these errors below the W-2

a Contr	ol number	22222 Void	For Official Use Only OMB No. 1545-0008				
b Empl	oyer Identification nu	mber			1 Wages, tips, other compensation		2 Federal income tax withheld
	55-5678910				\$ 39000.00		\$ 6000.00
c Empl	oyer's name, address	s, and ZIP code			3 Social security wages		4 Social security tax withheld
					\$ 80400.00		\$ 4984.80
	CABOT COVE SC	CHOOLS			5 Medicare wages and tips		6 Medicare tax withheld
	123 EDUCATION	WAY			\$ 80600.00		\$ 1168.70
	BALTIMORE, MD	21201			7 Social Security tips		8 Allocated tips
					\$		\$
d Empl	oyee's social security	/ number			9 Advance EIC payment		10 Dependent care benefits
	719-54-3210				\$		\$
e Empl	oyee's first name and	initial Last i	name		11 Nonqualified plans		12a See instructions for box 12
							C
	NICOLE	CRA	IG				d I
					\$ 59000 13 Statutory Retiremen Third-party		e \$
	657 IOE DD				employee plan sick pay		12b
	657 JOE RD BALTIMORE, MD	21202					0
							d e
					14 Other		12c
							C
							d I_
							e IS 12d
							r c
							0
							e \$
	yee's address and Z						
15 Stat	e Employer's state	ID number 16 S	tate wages, tips, etc. 17 State inc	come	e tax 18 Local Wages, tips, etc.	19	D Local Income tax 20 Locality name
<u> </u>		\$				<u> </u>	
	Ī	\$					
		Wage and Tax	2001		Department of	the	Treasury-Internal Revenue Service
Form	W-2	Statement			Fo	or Pr	rivacy Act and Paperwork Reduction
		·					t Notice, see separate instructions
Copy A F	or Social Security Admir	nistration	Cat. No. 10134D				

The W-2 above is incorrect because the preparer combined the contributions to the distributions from Nicole's nonqualified deferred compensation plan as one money amount in Box 11. When contributions to (deferrals) and distributions from (payments) a NQDCP occur in the same reporting period, no entry should be made in Box 11. The W-2 above is also incorrect because in Box 1, the preparer added the special wage payment to wages, which totals \$39,000. However, the correct calculation for Box 1 follows:

Special Wage Payment	\$9,000
Plus Wages	\$30,000
Minus Deferal	\$600
Total Reported in box 1	\$38,400

#### THIRD-PARTY SICK PAY REPORTING

W-2

Copy A For Social Security Administration

Statement

A. Jose Schaeffer is an employee subject to full-FICA. He was actively employed as a bus driver until May 2001 when he was injured in an automobile accident. From June 1 until the end of the tax year, Mr. Schaeffer received sick pay from the ACME insurance Company (EIN 98-7654321). ACME did not pay the employer's portion of FICA nor assume responsibility for reporting sick pay wages on behalf of the employer. Therefore, Cabot Cove is responsible for issuing the Form W-2 to Mr. Schaeffer. Cabot Cove received the following annual benefit notification from AMCE on January 9, 2002:

ACME Insurance Company Statement of Benefit Payments for Jose Schaeffer (456-78-9012) Tax Year 2001

Portion of benefit plan funded by employer Benefit payments received (first six months) Penaining payments received for tax year 2001	60 percer \$ 16,000.00 \$ 2,666.67
Remaining payments received for tax year 2001	\$ 2,666.67

Wage and Tax 2001	Department of the	ne Treasury-Internal Revenue Service
	<u> </u>	
Employee's address and Zip code    State Employer's state ID number   16 State wages, tips, etc. 17 State inc	come tax [18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
	GIVE AT - Admic IIIs. 60.	c c o
	SK PAY - Acme Ins. Co.	c
	14 Other	le Is
901 AIRY WAY BALTIMORE, MD 21201	employee plan sick pay	C 0
JOSE SCHAEFFER	\$ 13 Statutory Retirement Third-party	o d e J \$ 7466.67
Employee's first name and initial Last name	11 Nonqualified plans	12a See instructions for box 12
Employee's social security number 465-78-9012	9 Advance EIC payment \$	10 Dependent care benefits \$
BALTIMORE, MD 21201	7 Social Security tips \$	8 Allocated tips \$
CABOT COVE SCHOOLS 123 EDUCATION WAY	5 Medicare wages and tips \$ 25783.00	6 Medicare tax withheld \$ 373.85
c Employer's name, address, and ZIP code	3 Social security wages \$ 25783.00	4 Social security tax withheld \$ 1598.55
55-5678910 Employer Identification number	1 Wages, tips, other compensation \$ 27383.00	2 Federal income tax withheld \$ 5476.60
a Control number For Official Use Only OMB No. 1545-0008		

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions

Cat. No. 10134D

The following W-2 for Jose Schaeffer is incorrect. Please review these common errors and the discussion of these errors below the W-2

a Contr	ol number		or Official Use Only					
b Emplo	oyer Identification numl 55-5678910		MB No. 1545-0008	1 Waq	ges, tips, other compensatio 34849.67	22222	2 Federal income \$	tax withheld 6969.93
c Emplo	oyer's name, address, a			\$	al security wages 34849.67		4 Social security t	tax withheld 2160.68
	CABOT COVE SCHO	AY		\$	icare wages and tips 34849.67		6 Medicare tax wi	thheld 505.32
	BALTIMORE, MD 21			\$	al Security tips		8 Allocated tips \$	
•	oyee's social security n 465-78-9012			\$	ance EIC payment		<ul><li>10 Dependent car</li><li>\$</li></ul>	e benefits
e Emplo	oyee's first name and ir	nitial Last name		11 Non	qualified plans		12a See instruction c	ns for box 12
	JOSE	SCHAEFFER		Þ			o d e	\$
	901 AIRY WAY BALTIMORE, MD 21	1201		13	Statutory Retirement Thir employee plan sick	d-party pay	12b c o o d	s
				14 Othe	r		12c c o d e	5
f Emplo	oyee's address and Zip	code					12d c c d e	\$ 
	e Employer's state ID n		tips, etc. 17 State inc	come tax	18 Local Wages, tips, etc.	19	9 Local Income tax	20 Locality name
	. <u>l</u>	\$ \$						
	·	Vage and Tax	2001	*****	Depa	rtment of the	Treasury-Internal Revenu	ue Service
Form	<b>W-2</b> S	tatement					Privacy Act and Paperwork	
Copy A Fo	or Social Security Administrat	tion	Cat. No. 10134D			Ac	ct Notice, see separate ins	tructions

The W-2 above is incorrect because the employer failed to recognize that (1) only sick payments received in the first six months are FICA taxable and (2) only the sick payments that relate to the percentage of the premium cost borne by Cabot Cove Schools are FICA taxable. This in turn, resulted in a failure to disclose in Box 12, the non-taxable portion of the sick payments (representing the 40 percent employee contribution to the sick pay plan). The correct Social Security and Medicare tax calculations (and the respective amounts for each wage type) are shown below.

#### Social Security/Medicare wages

(Wages paid [\$16,183]) + (60% of Sick Payments received in first 6 months [.6 x \$16,000]) = \$25,783

Social Security Tax Withheld

(Social Security Wages [box 3, \$25,783]) x 6.2% = \$1,598.55

Medicare Tax Withheid

(Medicare Wages [box 5, \$25,/83]) x 1.45% = \$3/3.85

wages, Tips and Other Compensation

(Wages paid [\$16,183]) + (60% of Sick Payments received [.6 x \$18,666.67]) = \$27,383

Box 12 (Code J)

40% x Sick Payments received (\$18,666.67) = \$7,466.67

	DO NOT	STAPI	F OR	FOI D
--	--------	-------	------	-------

a Control number		For Official OMB No. 1					
			040-0006			_	
b <u>941</u>	Military	943		1 V	Vages, tips, other compensation		2 Federal income tax withheld
Kind X				\$	27383.00		\$ 5476.60
of	Hshld	Medicare	, ,	3 S	ocial security wages		4 Social security tax withheld
Payer CT-1	emp	govt. emp.	sick pay	\$	25783.00		\$ 1598.55
c Total number of fo	rms W-2	d Establishr	nent number	5 N	ledicare wages and tips		6 Medicare tax withheld
	1			\$	25783.00		\$ 373.85
e Employer identifica	ation numb	oer		7 S	ocial security tips		8 Allocated tips
55-56789	10			\$	• •		\$
f Employer's name				9 A	dvance EIC payments		10 Dependent care benefits
	CABC	T COVE S	CHOOL	\$			\$
				11	Nonqualified plans		12 Deferred compensation
	123 ED	UCATION WA	<b>ΔΥ</b>	\$			\$
	BALTIN	IORE, MD 2	1201	13 F	or third-party sick pay use only		
				14 l	ncome tax withheld by third-party s	ick	pay payer
g Employer's addres		code		\$			
h Other EIN used thi	s year						
15 State				16 5	State wages, tips, etc.		17 State income tax
				\$			\$
				18 L	∟ocal wages, tips, etc.		19 Local income tax
				\$			\$
Contact person				T	elephone number		For Official Use Only
				(	. )		*
E-mail address				F	ax number		
				(	)		
				٠,	•		

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief they are true, correct, and complete.

Signature Title Date

Form W-3

2001 Department of the Treasury Internal Revenue Service

Because Acme is required to report payments for disability or sickness made to employees on IRS Form 941 (Employer's Quarterly Federal Tax Return), to ensure that both IRS and SSA records are in balance, Acme must send SSA a "RECAP" W-2 showing the amount of sick pay given to Mr. Schaeffer. Should Acme neglect to prepare a "RECAP" W-2, their 941's will not agree with their W-2s. Failure to file a RECAP W-2 is a contributing factor to the SSA/IRS reconcillation process, which creates a tremendous workload for employers and the Federal Government. PLEASE NOTE; "RECAP" W-2s and their accompanying Form W-3 must not be filed on magnetic media-use only paper forms. Acme's "RECAP" W-2 should look like the following example:

a Contro	ol number		or Official Use Only		
b Emplo	yer Identification nur 98-7654321		OMB No. 1545-0008	1 Wages, tips, other compensation \$ 18666.67	2 Federal income tax withheld \$ 2240.00
c Emplo	yer's name, address	, and ZIP code		3 Social security wages \$ 9600.00	4 Social security tax withheld \$ 595.20
	ACME INSURANCE ROAD RUNNER A	VE.		5 Medicare wages and tips \$ 9600.00	6 Medicare tax withheld \$ 139.20
d Emple	COYOTE, MD 211			7 Social Security tips \$ 9 Advance EIC payment	8 Allocated tips \$ 10 Dependent care benefits
				\$	\$
e Emplo	yee's first name and	initial Last name		11 Nonqualified plans	12a See instructions for box 12
1	PARTY SICK PAY R	ECAP"		φ	d e s
				13 Statutory Retiremen Third-party employee plan sick pay	12b c o d e s
				14 Other	12c c o d e s
					12d c o d e s
f Emplo	yee's address and Zi Employer's state		s, tips, etc. 117 State incon	ne tax 118 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
15 State		\$ \$	s, tips, etc. 17 State incom	ile tax 110 Local wages, ups, etc.	19 Local income tax 20 Locality fiame
		Wage and Tax	2001	Department of	the Treasury-Internal Revenue Service
Form	W-2	Statement		Fo	or Privacy Act and Paperwork Reduction
Copy A Fo	or Social Security Admin	istration	Cat. No. 10134D		Act Notice, see separate instructions

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Following is the separate "RECAP" W-3 form necessary for filing with the "RECAP" W-2. Note that only boxes b, e, f, g, 1,2, 3, 4, 5, 6 and 13 are completed.

a Control number 33333 For Official Use Only OMB No. 1545-0008				
b 941 Military 943	1 Wages, tips, other compensation	2 Federal income tax withheld		
Kind X	\$ 18666.70	\$ 2240.00		
of CT-1 Hshld Medicare third-party	3 Social security wages	4 Social security tax withheld		
Payer emp govt. emp. sick pay	\$ 9600.00	\$ 595.20		
c Total number of forms W-2 d Establishment number	5 Medicare wages and tips	6 Medicare tax withheld		
	\$ 9600.00	\$ 139.20		
e Employer identification number	7 Social security tips	8 Allocated tips		
	\$	\$		
f Employer's name	9 Advance EIC payments	10 Dependent care benefits		
ACME INSURANCE COMPANY	\$	\$		
	11 Nonqualified plans	12 Deferred compensation		
ROAD RUNNER AVENUE	\$	\$		
COYOTE, MD 21162	13 For third-party sick pay use only			
		THIRD PARTY SICK PAY RECAP		
	14 Income tax withheld by third-party si	ck pay payer		
g employer's address and ZIP code	\$			
h Other EIN used this year				
15 State Employer's state ID number	16 State wages, tips, etc.	17 State income tax		
	\$	\$		
	18 Local wages, tips, etc.	19 Local income tax		
	\$	\$		
Contact person	Telephone number	For Official Use Only		
	( )			
E-mail address	Fax number	]		
	( )			

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief they are true, correct, and complete

Signature Title Date

W-3 Transmittal of Wage and Tax Statements

Form

2001

Department of the Treasury Internal Revenue Service

Lois Germaine Sheppard is an employee subject to full-FICA. She was actively employed as a school crossing guard until November 30, 2001 when she slipped on some ice and broke her leg. From December 1 until the end of the tax year she received sick pay from the ACME Insurance Company. Cabot Cove paid 100 percent of the premiums on the policy for Ms. Sheppard. ACME paid Ms. Sheppard \$2,000 in sick pay and assumed responsibility for paying Cabot Cove's share of FICA taxes and reporting the sick pay wages.

#### **Correct W-2 Form from Cabot Cove Schools**

a Control nur	300000	For Official	•		
h Employer l	22222 dentification number	Void OMB No. 18	545-0008	1 Wages, tips, other compensation	2 Federal income tax withheld
. ,	5678910			\$ 25172.00	\$ 5034.40
c Employer's	name, address, and ZIP code	•		3 Social security wages	4 Social security tax withheld
, ,				\$ 25172.00	\$ 1560.66
CA	BOT COVE SCHOOLS			5 Medicare wages and tips	6 Medicare tax withheld
123	B EDUCATION WAY			\$ 25172.00	\$ 364.99
BA	LTIMORE, MD 21201			7 Social Security tips	8 Allocated tips
				\$	\$
	s social security number			Advance EIC payment	10 Dependent care benefits
	3-90-1234			\$	\$
e Employee's	s first name and initial	Last name		11 Nonqualified plans	12a See instructions for box 12
					C O
LO	IS G	SHEPPARD		ψ	d e
				13 Statutory Retiremen Third-party	12b
945	5 BOWSER ST. LTIMORE, MD 21201			emplovee plan sick pav	C
ВА	LTIMORE, MD 21201				lo d
				14 Other	le IS
				11 0 0.101	C C
					o I
					e s
					12d
					O O
					G A
	address and Zip code		<b>1.</b>		
15 State Er	nployer's state ID number	16 State wages, tips, etc.	17 State income to	ax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
ļ		φ			<b></b>
		\$			
	Wage an	d Tax	2001	Department of the	he Treasury-Internal Revenue Service
Form <b>W</b>	1-2 Statemer	nt			

Ms. Sheppard's W-2 from Acme Insurance Company should look like the following:

Statement

W-2

Form

Control number For Official Use Only 22222 Void OMB No. 1545-0008		
Employer Identification number 98-7654321	1 Wages, tips, other compensation \$ 2000.00	2 Federal income tax withheld \$ 400.00
: Employer's name, address, and ZIP code	3 Social security wages \$ 2000.00	4 Social security tax withheld \$ 124.00
ACME INSURANCE COMPANY ROAD RUNNER AVE.	5 Medicare wages and tips \$ 2000.00	6 Medicare tax withheld \$ 29.00
COYOTE, MD 21162	7 Social Security tips	8 Allocated tips \$
Employee's social security number 678-90-1234	9 Advance EIC payment     \$     11 Neargardified place	10 Dependent care benefits \$ 12a See instructions for box 12
Employee's first name and initial Last name  LOIS G SHEPPARD	11 Nonqualified plans	12a See Instructions for box 12 CO OO OO OO OO
945 BOWSER ST. BALTIMORE, MD 21201	13 Statutory Retirement Third-party employee plan sick pay	12b c o d
	14 Other	12c c o d e 12d
Employee's address and 7in cade	Sick Pay Furnished under an Agency Agreement with Your Employer	120   C   O   d   d   B
Employee's address and Zip code  5 State Employer's state ID number   16 State wages, tips, etc.   17 State	e income tax 118 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
\$	1,000,000	
1 15		

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The following Form W-2 illustrates a common mistake made by third-party insurers. Please review these common errors and the discussion of these errors below the W-2.

a Contro	ol number		For Official Use Only								
		22222 Void	OMB No. 1545-0008								
b Emplo	yer Identification numbe	r			Wages, tips, other compensation	Federal income tax withheld					
	55-5678910				\$ 2000.00	\$ 400.00					
c Emplo	yer's name, address, and	d ZIP code			3 Social security wages	4 Social security tax withheld					
					\$ 2000.00	\$ 124.00					
	ACME INSURANCE	CE COMPANY			5 Medicare wages and tips	6 Medicare tax withheld					
	ROAD RUNNER A	AVE.			\$ 2000.00	\$ 29.00					
	COYOTE, MD 21	162			7 Social Security tips 8 Allocated tips						
					\$	\$					
d Emplo	yee's social security nun	nber			9 Advance EIC payment	10 Dependent care benefits					
	678-90-1234				\$	\$					
e Emplo	yee's first name and initi	al Last name			11 Nonqualified plans	12a See instructions for box 12					
	1.010.0	01155545	_			C D					
	LOIS G	SHEPPAR	D			u I					
					Þ	e p					
					13 Statutory Retirement Third-party епіріоуее ріап sick рау	12b					
	945 BOWSER ST				cinployee plan slok pay	Ü					
	945 BOWSER ST BALTIMORE. MD	21201				u e					
					14 Other	12c					
						C					
						u I					
						e p					
					Sick Pay furnished under an Agency	12d					
					agreement with your employer	C D					
						u I					
f Empley	inale address and 7in as	طام				e \$					
15 State	yee's address and Zip co Employer's state ID		es, tips, etc. 17 State inco		toy Magaz ting etc	10 Lead Jacome toy 20 Leadity name					
15 State	Employer's state ID	number 16 State wag	es, tips, etc.	me	tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name					
		, a									
		\$	2001								
	Wage and Tax				Department of the Treasury-Internal Revenue Service						
Form W-2 Statement					For Privacy Act and Paperwork Reduction						
	—				Act induce, see separate instructions						
Copy A F	or Social Security Admin	nistration	Cat. No. 10134D								

The W-2 above is incorrect because the third-party payer used the employer's EIN instead of their own when reporting. This will cause the Form 941 for both the third-party and the employer to be out of balance with their respective W-2/W-3 submissions.

### REPORTING AN EMPLOYEE TYPE OF EMPLOYMENT CHANGE

John R. McNamara's work became covered for full-FICA effectively July 1, 2001 instead of Medicare-only coverage earlier in the year. The following Forms W-2 and W-3 illustrate split reporting for Mr. McNamara by Cabot Cove.

### Form W-2 for MQGE wages from January 1, 2001 to June 30, 2001

a Control number	For Official Use Only	many 1, 2001 to dune 50, 2001	
b Employer Identification number	Void	1 Wages, tips, other compensation	2 Federal income tax withheld
55-5678910		\$ 30250.00	\$ 6050.00
c Employer's name, address, and ZIP cod	е	3 Social security wages	4 Social security tax withheld
CABOT COVE SCHOOLS		5 Medicare wages and tips	6 Medicare tax withheld
123 EDUCATION WAY		\$ 30250.00	\$ 438.62
BALTIMORE, MD 21201		7 Social Security tips	8 Allocated tips
d Employee's social security number		9 Advance EIC payment	10 Dependent care benefits
023-45-6789 e Employee's first name and initial	Last name	\$ 11 Nonqualified plans	12a See instructions for box 12
JOHN R	McNAMARA		c o d
JOHN K	WINAWAKA	\$ 13 Statutory Retirement Third-party	e s 12b
800 CLARK RD.		employee plan sick pay	С
SEVERN, MD 21144			0   0
		14 Other	12c
			c o d
			e S
			12d c
			o d
f Employee's address and Zip code			
15 State Employer's state ID number	16 State wages, tips, etc. 17 State inco	ome tax 118 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
[	\$		
	\$		
Wage a	nd Tax <b>2001</b>	Department of	the Treasury-Internal Revenue Service
a Control number 33333	Form W-3 for MQGE W For Official Use Only UMB No. 1545-0008		
b 941 Military Kind	943	1 Wages, tips, other compensation \$ 30250.00	2 Federal income tax withheld \$ 6050.00
of CT-1 Hshld		3 Social security wages	4 Social security tax withheld
Payer emp	govt. emp sick pay		
c Total number of forms W-2	d Establishment number	Medicare wages and tips	6 Medicare tax withheld
1		\$ 30250.00	\$ 438.62
e Employer identification number	•	7 Social security tips	8 Allocated tips
55-5678910 f Employer's name		9 Advance EIC payments	\$ 10 Dependent care benefits
CABOT COVE SCHOOLS		\$	\$
123 EDUCATION WAY		11 Nonqualified plans \$	12 Deferred compensation \$
BALTIMORE, MD 21201		13 For third-party sick pay use only	
		14 Income tax withheld by third-party sick	c pay paye
g employer's address and ZIP code h Other EIN used this year		\$	
15 State Employer's	state ID number	16 State wages, tips, etc.	17 State income tax
I Employers	state 15 Hamber	- '	
		18 Local wages, tips, etc.	19 Local income tax
Contact person		Telephone number	For Official Use Only
E-mail address		Fax number	┥ ┃
	re examined this return and accompanying doc	( ) uments, and, to the best of my knowledge and be	lief
they are true, correct, and complete			
Signature	Litle		Date
Form W-3 Transmi	ttal of Wage and Tax Statements		Department of the Treasury Internal Revenue Service

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### Wages paid July 1, 2001 to December 31, 2001 subject to full FICA tax.

Form W-2 for wages subject	to full FICA (from July 1, 2001	to December 31, 2001)	
a Control number	For Official Use Only Void OMB No. 1545-0008		
b Employer Identification number	<del>- 1</del>	1 Wages, tips, other compensation	2 Federal income tax withheld
55-5678910		\$ 30250.00	\$ 6050.00
c Employer's name, address, and ZIP co	de	3 Social security wages	4 Social security tax withheld
		\$ 30250.00	\$ 1875.50
CABOT COVE SCHOOLS		5 Medicare wages and tips	6 Medicare tax withheld
123 EDUCATION WAY		\$ 30250.00	\$ 438.62
BALTIMORE, MD 21201		7 Social Security tips	8 Allocated tips
		\$	\$
d Employee's social security number		9 Advance EIC payment	10 Dependent care benefits
023-45-6789		\$	\$
e Employee's first name and initial	Last name	11 Nonqualified plans	12a See instructions for box 12
			c o
JOHN R	McNAMARA		ď
			e IS 12b
800 CLARK RD.		employee plan sick pay	12D C
SEVERN, MD 21144		employee plan sick pay	o
0212, 2			ď
		14 Other	12c
			c
			l l
			e S
			12d
			i i
			e S
f Employee's address and Zip code			
15 State Employer's state ID number	16 State wages, tips, etc. 17 State inc	ome tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
	\$		
	\$		
Wage a	nd Tax 2001		
		Department of the	he Treasury-Internal Revenue Service
Form W-2 Statement	ent		Privacy Act and Paperwork Reduction
			Act Notice, see separate instructions
	Form W-3 for Wages subject to fu	ull FICA	
a Control number 333333	For Official Use Only OMB No. 1545-0008		
b 941 Military	943	1 Wages, tips, other compensation	2 Federal income tax withheld
Kind 🔽 🔲		\$ 30250.00	\$ 6050.00
ot C1-1 Hsnia	ıvıedicare tnırd-party	3 Social security wages	4 Social security tax withheld
Payer emp	govt. emp sick pay	\$ 30260.00	1875.00

	Form W-3 for W	ages subject to fu	II FICA					
a Control number	33333   For Official Use Or OMB No. 1545-000							
b Kind or	941 Military 943  LI USTA DE LE CONTROL DE LA CONTROL DE L	рагту	1 Wages, tips, other compensation \$ 30250.00 3 Social security wages	2 Federal income tax withheld \$ 6050.00 4 Social security tax withheld				
rayer  c Total number of forms	emp govt. emp sick p	ay Î ]	\$ 30250.00 5 Medicare wages and tips	\$ 18/5.00				
e Employer identification	1		\$ 30250.00 7 Social security tips	\$ 438.62				
55-5678910 f Employer's name CABOT COVE	SCHOOLS		9 Advance EIC payments	10 Dependent care benefits				
123 EDUCATI BALTIMORE,			11 Nonqualified plans \$ 13 For third-party sick pay use only					
g employer's address and			14 Income tax withheld by third-party sid \$	ck pay paye				
h Other EIN used this yea	ar							
15 State	Employer's state ID number		16 State wages, tips, etc.	17 State income tax				
			18 Local wages, tips, etc.	19 Local income tax				
Contact person E-mail address			Telephone number ( ) Fax number ( )	For Official Use Only				
Under penalties of perjury, I of they are true, correct, and co		accompanying documents,	and, to the best of my knowledge and belief,					
Signature		Title		Date				
Form W-3	Transmittal of Wage and Ta	x Statements	2001	Department of the Treasury				

Form W-3 Transmittal of Wage and Tax Statements 2001 Department of the Treasure Internal Revenue Service

### The following forms W-2 and W-3 illustrate optional combined reporting for John R. McNamara.

#### Form W-2

a Control	number	22222		Official Use Only No. 1545-0008					
b Employ	er Identification num	ber			1 Wa	ges, tips, other compensation		2 Federal income t	ax withheld
	55-5678910				\$	60500.00		\$	12100.00
c Employe	er's name, address,	and ZIP code			3 Soci	al security wages		4 Social security to	ax withheld
					\$	30250.00		\$	1875.50
	CABOT COVE SCH	IOOLS			5 Med	care wages and tips		6 Medicare tax wit	hheld
	123 EDUCATION W	/AY			\$	60500.00		\$	877.24
	BALTIMORE, MD 2	21201			7 Soci	al Security tips		8 Allocated tips	
					\$			\$	
d Employ	ee's social security n	number			9 Adva	nce EIC payment		10 Dependent care	benefits
	023-45-6789				\$	. ,		\$	
e Employ	ee's first name and ii	nitial	Last name		11 Nor	qualified plans		12a See instruction	s for box 12
								C	
	JOHN R		McNAMARA					o d	1
					<u>\$</u> 13	Statutory Retirement Third-par	tv.	<u>e</u> 12b	S
	800 CLARK RD				8888	employee plan sick pay	ty	120	
	800 CLARK RD. SEVERN, MD 2114	14						Ŏ	
								d	s
					14 Othe	r		12c	
								C	
								d	l.
								<u>e</u> 12d	S
								rzu C	
								ğ	
								e e	s
. ,	e's address and Zip								
15 State	Employer's state ID	number	16 State wages, tip:	s, etc. 17 State incom	e tax	18 Local Wages, tips, etc.	19	Local Income tax	20 Locality name
l			\$						
			\$						
		Wage and	d Tax	2001	xx11110	Departme	nt of the	Treasury-Internal Reven	ue Service
Form	W-2	Statemen				·	Eor Dr	ivacy Act and Paperwork	Poduction
1 01111	VV- <b>Z</b>	Statemen						t Notice, see separate ins	
							Act	rionoc, see separate me	ti dollorio

#### Form W-3 for Combined Reporting

Toma v o for combined respondi	9	
a Control number 33333   For Official Use Only OMB No. 1545-0008		
D 941 Military 943	1 Wages, tips, other compensation	2 Federal income tax withheld
	\$ 60500.00	\$ 12100.00
of C1-1 Hsniq Medicare third-party	3 Social security wages	4 Social security tax withheld
Payer emp govt. emp sick pay	\$ 30250.00	\$ 18/5.50
c Total number of forms W-2 Id Establishment number	5 Medicare wages and tips	6 Medicare tax withheld
1 LStabilistiment number	\$ 60500.00	\$ 877.24
E Employer identification number	7 Social security tips	8 Allocated tips
	7 Social security tips	8 Allocated tips
55-5678910	Φ	\$
f Employer's name	9 Advance EIC payments	10 Dependent care benefits
CABOT COVE SCHOOLS		
	11 Nonqualified plans	12 Deterred compensation
123 EDUCATION WAY	\$	\$
BALTIMORE, MD 21201	13 For third-party sick pay use only	*
DALTIMONE, MD 21201	10 f of tillid-party sick pay use offly	
	14 Income tax withheld by third-party s	ick pay paye
g employer's address and ZIP code	s	
n Other EIN used this year		
To Dieta Dieta de la Companya de la	40 04-1	=147 (N-1-)
15 State Employer's state ID number	16 State wages, tips, etc.	17 State income tax
	10 Local wages tipe ate	10 Lead income toy
	18 Local wages, tips, etc.	19 Local income tax
Contact person	Telephone number	For Official Use Only
'	( ' )	,
E-mail address	Fax number	
	( )	
Under penalties of perjury, I declare that I have examined this return and accompanying document	s, and, to the best of my knowledge and belief,	•
hey are true, correct, and complete.		
Signature Little		Date
Form W-3 Transmittal of Wage and Tax Statements	2001	
Transmittal of wage and rax Statements	200 I	Department of the Treasury

Department of the Treasury Internal Revenue Service

### **EXHIBITS: PAYROLL REGISTER DATA TABLES**

The following exhibits are data tables of information from Cabot Cove's payroll register. This information provides the base data for the case scenario. The Cabot Cove School District employs individuals who earn:

- Wages and tips subject to the 6.2 percent Social Security tax and 1.45 percent Medicare tax (full-FICA employees);
- Wages subject to only the 1.45 percent Medicare tax (MQGE employees); and
- Wages exempt from the 6.2 percent Social Security tax and 1.45 percent Medicare tax (FICA-exempt employees).

Cabot Cove's EIN is 55-5678910. The information in Exhibit 1 below contains summary employee information from Cabot Cove's payroll register. In addition, Exhibit 2 (pages 89 through 92) illustrates wage and tax data for Cabot Cove on a quarterly basis and Exhibit 3 (page 93) summarizes Cabot Cove's payroll on an annual basis.

Exhibit 1
Summary Employee Information
Cabot Cove School District

Name (first, middle, last)	Name as shown on Social Security Card and Cabot Cove Payroll Register	SSN	Employment Type
Elizabeth Lee Strosnider	Elizabeth L. Strosnider	699-01-0101	FICA
Diego Garcia-y-Vega	Diego Garcia y Vega	234-56-7890	FICA
Alfredo Giuseppe Richardo Marano	Alfredo G. R. Marano	345-67-8901	MQGE
Tae-Jin Kim	Tae-Jin Kim	567-89-0123	FICA
Jose Schaeffer	Jose Schaeffer	456-78-9012	FICA
Lois Germaine Sheppard	Lois G. Sheppard	678-90-1234	FICA
John R. McNamara <sup>1</sup>	John R. McNamara	023-45-6789	MQGE/FICA
Mary V. Smith	Mary V. Smith	701-23-4567	FICA-Exempt
Thomas J. Mason <sup>2</sup>	Thomas J. Mason	666-78-9012	FICA
Samuel L. Johnson <sup>3</sup>	Samuel L. Johnson	543-21-0987	FICA/Retired
Nicole Craig	Nicole Craig	719-54-3210	FICA/Retired

<sup>1.</sup> From January 1 through June 30, 2001, John R. McNamara earned MQGE wages subject to only Medicare tax. Effective July 1, 2001, Mr. McNamara was subject to full-FICA coverage.

<sup>2..</sup> Thomas J. Mason is 45 years old. He elected to be covered by GTLI. His insurance coverage is \$150,000.

<sup>3.</sup> Samuel Johnson is a retired employee who elected to be covered by GTLI after retirement. His insurance coverage is \$125,000.

FIRST QUARTER EMPLOYEE PAYROLL DATA
CABOT COVE SCHOOL DISTRICT PAYROLL REGISTER

EXHIBIT 2-1

			Un-		Taxable	FICA	Total	Fed. Income	Social Security		Medicare	
Employee's Name	Employment	Regular	allocated	Misc.	Misc.	Misc.	Taxable	Tax	Wages &	Tax	Wages &	Tax
and SSN	Type/Status	Wages	Tips	Wages	Wages	Wages	Wages	Withheld	Tips	Withheld	Tips	Withheld
Elizabeth L. Strosnider	FICA	11,307.25	·	-	_		11,307.25	2,261.45	11,307.25	701.05	11,307.25	163.96
699-01-0101	Active	ŕ					,	,	,		,	
Diego Garcia y Vega	FICA	7,878.75	1,008.75				8,887.50	1,777.50	8,887.50	551.03	8,887.50	128.87
234-56-7890	Active											
Alfredo G.R. Marano	MQGA	13,500.00					13,500.00	2,700.00			13,500.00	195.75
345-67-8901	Active											
Tae-Jin Kim	FICA	34,000.00					34,000.00	6,800.00	34,000.00	2,108.00	34,000.00	493.00
567-89-0123	Active											
Jose Schaeffer	FICA	9,709.80					9,709.80	1,941.96	9,709.80	602.01	9,709.80	140.79
456-78-9012	Active											
Lois G. Sheppard	FICA	6,865.08					6,865.08	1,373.02	6,865.08	425.63	6,865.08	99.54
678-90-1234	Active											
John R. McNamara	MQGA	15,125.00					15,125.00	3,025.00			15,125.00	219.31
023-45-6789	Active											
Mary V. Smith	FICA-Exempt	14,000.00					14,000.00	2,800.00				
701-23-4567	Active											
Thomas J. Mason	FICA	12,500.00					12,500.00	2,500.00	12,500.00	775.00	12,500.00	181.25
666-78-9012	Active											
Samuel L. Johnson	FICA											
543-21-0987	Retired											
Nicole Craig	FICA	15,000.00		300.00			14,700.00	2,940.00	15,000.00	930.00	15,000.00	217.50
719-54-3210	Active											
	MQGA	28,625.00	0.00	0.00	0.00	0.00	28,625.00	5,725.00	0.00	0.00	28,625.00	415.06
Total	FICA-Exempt	14,000.00	0.00	0.00	0.00	0.00	14,000.00	2,800.00	0.00	0.00	0.00	0.00
	FICA	97,260.88	1,008.75	300.00	0.00	0.00	97,969.63	19,593.93	98,269.63	6,092.72	98,269.63	1,424.91
First Quarter Total		139,885.88	1,008.75	300.00	0.00	0.00	140,594.63	28,118.93	98,269.63	6,092.72	126,894.63	1,839.97

EXHIBIT 2-2

# SECOND QUARTER EMPLOYEE PAYROLL DATA CABOT COVE SCHOOL DISTRICT PAYROLL REGISTER

			Un-		Taxable	FICA	Total	Fed. Income	Social S	Security	Me	dicare
Employee's Name	Employment	Regular	allocated	Misc.	Misc.	Misc.	Taxable	Tax	Wages &	Tax	Wages &	Tax
and SSN	Type/Status	Wages	Tips	Wages	Wages	Wages	Wages	Withheld	Tips	Withheld	Tips	Withheld
Elizabeth L. Strosnider	FICA	11,307.25					11,307.25	2,261.45	11,307.25	701.05	11,307.25	163.96
699-01-0101	Active											
Diego Garcia y Vega	FICA	7,878.75	1,008.75				8,887.50	1,777.50	8,887.50	551.03	8,887.50	128.87
234-56-7890	Active											
Alfredo G.R. Marano	MQGA	13,500.00					13,500.00	2,700.00			13,500.00	195.75
345-67-8901	Active											
Tae-Jin Kim	FICA	34,000.00					34,000.00	6,800.00	34,000.00	2,108.00	34,000.00	493.00
567-89-0123	Active											
Jose Schaeffer	FICA	6,473.20		2,666.67	1,600.00	1,600.00	8,073.20	1,614.64	8,073.20	500.54	8,073.20	117.06
456-78-9012	Active			SK PAY	*	*						
Lois G. Sheppard	FICA	6,865.08					6,865.08	1,373.02	6,865.08	425.63	6,865.08	99.54
678-90-1234	Active											
John R. McNamara	MQGA	15,125.00					15,125.00	3,025.00			15,125.00	219.31
023-45-6789	Active											
Mary V. Smith	FICA-Exempt	14,000.00					14,000.00	2,800.00				
701-23-4567	Active											
Thomas J. Mason	FICA	12,500.00					12,500.00	2,500.00	12,500.00	775.00	12,500.00	181.25
666-78-9012	Active											
Samuel L. Johnson	FICA											
543-21-0987	Retired											
Nicole Craig	FICA	15,000.00		300.00		50,600.00	14,700.00	2,940.00	65,400.00	4054.80	65,600.00	951.20
719-54-3210	Active											
	MQGA	28,625.00	0.00	0.00	0.00	0.00	28,625.00	5,725.00	0.00	0.00	28,625.00	415.06
Total	FICA-Exempt	14,000.00	0.00	0.00	0.00	0.00	14,000.00	2,800.00	0.00	0.00	0.00	0.00
	FICA	94,024.28	1,008.75	2966.67	1600.00	52200.00	96,333.03	19,266.61	147,033.03	9,116.05	147,233.03	2,134.88
First Quarter Total		136,649.28	1,008.75	2966.67	1600.00	52200.00	138,958.03	27,791.61	147,033.03	9,116.05	175,858.03	2,549.94

<sup>\*</sup> Employer's contribution rate to the sick pay plan for Jose Schaeffer is 60 percent. Cabot Cove assumed responsibility for reporting the sick pay wages. Benefit payments Mr. Schaeffer received for the second quarter is \$2,666.67

Taxable portion of the sick payment: \$2,666.67 X .6+\$1,600.00

Cabot Cove adjusted on line 9 of their 941 Form \$122.40 of employee taxes not withheld on sick pay (\$1,600.00 X .0765 = \$122.40)

EXHIBIT 2-3

# THIRD QUARTER EMPLOYEE PAYROLL DATA CABOT COVE SCHOOL DISTRICT PAYROLL REGISTER

			Un-		Taxable	FICA	Total	Fed. Income	Social S	Security	Me	dicare
Employee's Name	Employment	Regular	allocated	Misc.	Misc.	Misc.	Taxable	Tax	Wages &	Tax	Wages &	Tax
and SSN	Type/Status	Wages	Tips	Wages	Wages	Wages	Wages	Withheld	Tips	Withheld	Tips	Withheld
Elizabeth L. Strosnider	FICA	11,307.25					11,307.25	2,261.45	11,307.25	701.05	11,307.25	163.96
699-01-0101	Active											
Diego Garcia y Vega	FICA	7,878.75	1,008.75				8,887.50	1,777.50	8,887.50	551.03	8,887.50	128.87
234-56-7890	Active											
Alfredo G.R. Marano	MQGA	13,500.00					13,500.00	2,700.00			13,500.00	195.75
345-67-8901	Active											
Tae-Jin Kim	FICA	34,000.00					34,000.00	6,800.00	12,400.00	768.80	34,000.00	493.00
567-89-0123	Active											
Jose Schaeffer	FICA			8,000.00	4,800.00	4,800.00	4,800.00	960.00	4,800.00	297.6	4,800.00	69.6
456-78-9012	Active - SK			SK PAY	*	*						
Lois G. Sheppard	FICA	6,865.08					6,865.08	1,373.02	6,865.08	425.63	6,865.08	99.54
678-90-1234	Active											
John R. McNamara	FICA	15,125.00					15,125.00	3,025.00	15,125.00	937.75	15,125.00	219.31
023-45-6789	Active											
Mary V. Smith	FICA-Exempt	14,000.00					14,000.00	2,800.00				
701-23-4567	Active											
Thomas J. Mason	FICA	12,500.00					12,500.00	2,500.00	12,500.00	775.00	12,500.00	181.25
666-78-9012	Active											
Samuel L. Johnson	FICA											
543-21-0987	Retired											
Nicole Craig	FICA				4,500.00		4,500.00	900.00				
719-54-3210	Retired											
	MQGA	13,500.00	0.00	0.00	0.00	0.00	13,500.00	2,700.00	0.00	0.00	13,500.00	195.75
Total	FICA-Exempt	14,000.00	0.00	0.00	0.00	0.00	14,000.00	2,800.00	0.00	0.00	0.00	0.00
	FICA	87,676.08	1,008.75	8,000.00	9300.00	4,800.00	97,984.83	19,596.97	71,884.83	4,456.86	93,484.83	1,355.53
First Quarter Total		115,176.08	1,008.75	8000.00	9300.00	4800.00	125,484.83	25,096.97	71,884.83	4,456.86	106,984.83	1,551.28

<sup>\*</sup> Employer's contribution rate to the sick pay plan for Jose Schaeffer is 60 percent. Cabot Cove assumed responsibility for reporting the sick pay wages. Benefit payments Mr. Schaeffer received for the second quarter is \$8,000.00

Taxable portion of the sick payment: \$8,000.00 X .6 = \$4,800.00

Cabot Cove adjusted on line 9 of their 941 Form \$367.20 of employee taxes not withheld on sick pay (\$4,800.00 X .0765 = \$367.20)

#### EXHIBIT 2-4

# FOURTH QUARTER EMPLOYEE PAYROLL DATA CABOT COVE SCHOOL DISTRICT PAYROLL REGISTER

			Un-		Taxable	FICA	Total	Fed. Income	Social Secu	rity	Medicare	
Employee's Name	Employment	Regular	allocated	Misc.	Misc.	Misc.	Taxable	Tax	Wages &	Tax	Wages &	Tax
and SSN	Type/Status	Wages	Tips	Wages	Wages	Wages	Wages	Withheld	Tips	Withheld	Tips	Withheld
Elizabeth L. Strosnider	FICA	11,307.25					11,307.25	2,261.45	11,307.25	701.05	11,307.25	163.96
699-01-0101	Active											
Diego Garcia y Vega	FICA	7,878.75	1,008.75				8,887.50	1,777.50	8,887.50	551.03	8,887.50	128.87
234-56-7890	Active											
Alfredo G.R. Marano	MQGA	13,500.00					13,500.00	2,700.00			13,500.00	195.75
345-67-8901	Active											
Tae-Jin Kim	FICA	34,000.00					34,000.00	6,800.00			34,000.00	493.00
567-89-0123	Active											
Jose Schaeffer	FICA			8,000.00	4,800.00	3,200.00	4,800.00	960.00	3,200.00	198.40	3,200.00	46.40
456-78-9012	Active - SK			SK PAY - P1	*	**						
Lois G. Sheppard	FICA	4,576.76		2,000.00			4,576.76	915.35	4,576.76	283.76	4,576.76	66.36
678-90-1234	Active - SK			SK PAY - P2								
John R. McNamara	FICA	15,125.00					15,125.00	3,025.00	15,125.00	937.75	15,125.00	219.31
023-45-6789	Active											
Mary V. Smith	FICA-Exempt	14,000.00					14,000.00	2,800.00				
701-23-4567	Active											
Thomas J. Mason	FICA	12,500.00		150.00	150.00	150.00	12,650.00	2,500.00	12,650.00	784.30	12,650.00	183.43
666-78-9012	Active			LIFE INS								
Samuel L. Johnson	FICA			675.00	675.00	675.00	675.00		675.00		675.00	
543-21-0987	Retired			LIFE INS								
Nicole Craig	FICA				4,500.00		4,500.00	900.00				
719-54-3210	Retired											
	MQGA	13,500.00	0.00	0.00	0.00	0.00	13,500.00	2,700.00	0.00	0.00	13,500.00	195.75
Total	FICA-Exempt	14,000.00	0.00	0.00	0.00	0.00	14,000.00	2,800.00	0.00	0.00	0.00	0.00
	FICA	85,387.76	1,008.75	10,825.00	10125.00	4025.00	96,521.51	19,139.30	56,421.51	3,456.29	90,421.51	1,301.33
Fourth Quarter Total		112,887.76	1,008.75	10,825.00	10125.00	4025.00	124,021.51	24,639.30	56,421.51	3,456.29	103,921.51	1,497.08

SICK PAY - P1: Employer's contribution rate to the sick pay plan for Jose Schaeffer is 60 percent. Cabot Cove is responsible for reporting sick pay wages and the employer's portion of FICA.

Benefit payments Mr. Schaeffer received for the Fourth Quarter is \$8,000.00

<sup>\*</sup>Taxable portion of the sick payment: \$8,000.00 X .6 = \$4,800.00

<sup>\*\*</sup>FICA taxable portion of the sick payment: (\$8,000.00 - (last month sick payment (\$2,666.67)) X .6 = \$3,200.00

Cabot Cove adjusted on line 9 of their 941 Form \$244.80 of employee taxes not withheld on sick pay (\$3,200.00 X .0765 = \$244.80)

SICK PAY - P2: Employer paid 100 percent of the premiums on the policy for Mr. Schaeffer. ACME assumed responsibility for paying Cabot Cove's FICA taxes and reporting the sick pay wages NOTE: Group-term life insurance is subject to FICA tax withholding only

PAYROLL REGISTER ANNUAL SUMMARY
CABOT COVE SCHOOL DISTRICT PAYROLL REGISTER

EXHIBIT 3

			Un-		Taxable	FICA	Total	Fed. Income	Social	Security	Medi	care
	Employment	Regular	allocated	Misc.	Misc.	Misc.	Taxable	Tax	Wages &	Tax	Wages &	Tax
and SSN	Type/Status	Wages	Tips	Wages	Wages	Wages	Wages	Withheld	Tips	Withheld	Tips	Withheld
Elizabeth L. Strosnider	FICA	45,229.00	0.00	0.00	0.00	0.00	45,229.00	9,045.80	45,229.00	\$ 2,804.20	45,229.00	655.82
699-01-0101	Active											
Diego Garcia y Vega	FICA	31,515.00	4,035.00	0.00	0.00	0.00	35,550.00	7,110.00	35,550.00	\$ 2,204.10	35,550.00	515.48
234-56-7890	Active											
Alfredo G.R. Marano	MQGA	54,000.00	0.00	0.00	0.00	0.00	54,000.00	10,800.00	0.00	\$ -	54,000.00	783.00
345-67-8901	Active											
Tae-Jin Kim	FICA	136,000.00	0.00	0.00	0.00	0.00	136,000.00	27,200.00	80,400.00	\$ 4,984.80	136,000.00	1972.00
567-89-0123	Active											
Jose Schaeffer	FICA	16,183.00	0.00	18,666.67	11,200.00	9,600.00	27,383.00	5,476.60	25,783.00	\$ 1,598.55	25,783.00	373.85
456-78-9012	Active - SK											
Lois G. Sheppard	FICA	25,172.00	0.00	2,000.00	0.00	0.00	25,172.00	5,034.40	25,172.00	\$ 1,560.66	25,172.00	364.99
678-90-1234	Active - WC											
John R. McNamara	MQGE/FICA	60,500.00	0.00	0.00	0.00	0.00	60,500.00	12,100.00	30,250.00	\$ 1,875.50	60,500.00	877.25
023-45-6789	Active											
Mary V. Smith	FICA-Exempt	56,000.00	0.00	0.00	0.00	0.00	56,000.00	11,200.00	0.00	\$ -	0.00	0.00
701-23-4567	Active											
Thomas J. Mason	FICA	50,000.00	0.00	150.00	150.00	150.00	50,150.00	10,000.00	50,150.00	\$ 3,109.30	50,150.00	727.18
666-78-9012	Active											
Samuel L. Johnson	FICA	0.00	0.00	675.00	675.00	675.00	675.00	0.00	675.00	\$ -	675.00	0.00
543-21-0987	Retired											
Nicole Craig	FICA	30,000.00	0.00	600.00	9,000.00	50,600.00	38,400.00	7,680.00	80,400.00	\$ 4,984.80	80,600.00	1168.70
719-54-3210	Retired											
	MQGA	54,000.00	0.00	0.00	0.00	0.00	54,000.00	10,800.00	0.00	\$ -	54,000.00	783.00
	MQGE/FICA	60,500.00	0.00	0.00	0.00	0.00	60,500.00	12,100.00	30250.00	\$ 1,875.50	60,500.00	877.25
Total	FICA-Exempt	56,000.00	0.00	0.00	0.00	0.00	56,000.00	11,200.00	0.00	\$ -	0.00	0.00
	FICA	334,099.00	4,035.00	22,091.67	21025.00	61025.00	358,559.00	71,546.80	343,359.00	\$ 21,246.41	399,159.00	5,778.02
		450,599.00	4,035.00	22,091.67	21025.00	61025.00	475,059.00	94,846.80	373,609.00	\$ 23,121.91	459,659.00	6,655.27
Annual Grand Total		504,599.00	4,035.00	22,091.67	21025.00	61025.00	529,059.00	105,646.80	373,609.00	\$ 23,121.91	513,659.00	7,438.27

Cabot Cove adjusted on line 9 of their 941 Form \$734.40 of employee taxes not withheld on sick pay (\$9600.00 X .0765 =734.40).

# "AGENT" REPORTING

### **Introduction**

This section illustrates general guidelines for filing paper Forms W-2, W-3, and 941 by "agents." An entity may receive approval to be designated an "agent" by filing IRS Form 2678, <a href="Employer Appointment of "Agent" with the IRS.">Employer Appointment of "Agent"</a> with the IRS. An "Agent" may file certain tax forms (e.g., Forms 941 and Forms W-2/W-3) using the "agent's" EIN in lieu of multiple filings under separate employer EINs. SSA and IRS prescribed reporting procedures for filing Forms 941 and W-2/W-3 by "agents." Please refer to IRS Revenue Procedure 70-6, 1970-1, C.B. 420 for complete filing instructions for "agents."

### Forms W-2

Generally, an "agent" that has an approved Form 2678 should enter its "Agent" name and address as the employer in box c of the Form W-2 (illustrated below) and file one W-2 for each employee.

```
[Name of "Agent"]
[Address of "Agent"]
```

However, if the "agent" (1) is acting as "agent" for two or more employers or is an employer and is acting as an "agent" for another employer and (2) pays Social Security wages which exceed the taxable Social Security wage base for the reporting year for an employee, then the "agent" must file separate Forms W-2 reflecting the wages paid by each employer to that employee. In these instances, when conditions (1) and (2) above exist, the "agent" should enter the following in box c of each W-2 for that employee:

```
[Name of "Agent"]
"Agent for" [Name of Employer]
[Address of "Agent"]
```

Note: Each Form W-2 should reflect the EIN of the "Agent" in box b.

### Form W-3

The "agent" should submit all employer Forms W-2 (including the "Agent's" Forms W-2, if the "Agent" is also an employer) under <u>one</u> W-3 transmittal. Form W-3, box e must contain the "<u>Agent's</u>" EIN; box f must contain the "Agent's" name and box g must contain the "Agent's" address. If the Forms W-2 in the submittal pertain only to <u>one</u> employer (aside from any Forms W-2 filed by the "Agent", if the "Agent" is also an employer), enter that employer's EIN in box h; otherwise do not complete box h.

### **Forms 941**

The name and EIN of the "Agent" (as registered with the IRS) should be reported on Forms 941. Each quarterly Form 941 should represent the combined wage and tax data for all employers (including the "Agent's" wage and tax data if the "Agent" is also an employer) for which the "Agent" is assuming a reporting responsibility.

### **Case Scenario**

The following case scenario illustrates how the Maryland Education Group, "Agent" for Millbrooke and Cedarville Schools, reports the schools' wage and tax deposit data on the Forms 941, W-3, and W-2. In the examples that follow, Millbrooke employed 3 individuals, Cedarville employed 2 individuals, and the Maryland Education Group employed 2 individuals in TY 2001. Ms. Gina Jones worked for both Millbrooke and Cedarville in TY 2001.

The Forms 941 (annual mock-up), W-3, and W-2 which follow are correct examples because they meet the following criteria for "Agent" reporting.

### Form 941 Annual Mock-Up versus Form W-3

- Only the "agent's" EIN (i.e., The Maryland Education Group's EIN 22-2345678) and address appear on both the Form 941 annual mock-up and Form W-3.
- The following data from the Form W-3 balance to the Form 941 annual mock-up:
  - a. Box 1, Wages, tips, and other compensation and Box 2, Federal income tax withheld;
  - b. Box 3, Social Security wages and Box 4, Social Security tax withheld; and
  - c. Box 5, Medicare wages and tips and Box 6, Medicare tax withheld.

### Form W-3 versus Forms W-2

- The Maryland Education Group reported their employee's Forms W-2 together with Forms W-2 for Millbrooke and Cedarville employees under one Form W-3 submission.
- The Maryland Education Group left Form W-3, Box h (Other EIN used this year) blank because they were reporting as an "Agent" for more than one employer.
- The Form W-3, Boxes f and g properly contain only the Maryland Education Group's name and address respectively.
- Regarding the Forms W-2 for Millbrooke and Cedarville employees:
  - a. Box b contains The Maryland Education Group's EIN (i.e., 22-2345678);
  - b. Box c contains only the Maryland Education Group's address except in Gina Jones' case. Gina Jones' W-2 forms identify the Maryland Education Group on the first line followed by the words "Agent for" (Millbrooke and Cedarville) on the second line, and the Maryland Education Group's address on the next lines.

- c. Gina Jones is reported on two separate Forms W-2 in the same W-3 submission (i.e., on one Form W-2 for Millbrooke employment and on another Form W-2 for Cedarville employment). This is because she was paid by more than one employer and her total wages exceeded the Social Security wage base for 2001.
- The sum of the following boxes on the Forms W-2 balance to corresponding boxes on the Form W-3:
  - a. Box 1, Wages, tips, and other compensation and Box 2, Federal income tax withheld;
  - b. Box 3, Social Security wages and Box 4, Social Security tax withheld; and
  - c. Box 5, Medicare wages and tips and Box 6, Medicare tax withheld.

Note: For ease of illustration, the facsimile Form 941 which follows only portrays an "annual mock-up" and is intended to show that the Form 941 should contain the "agent's" name, EIN, and address when reporting on behalf of other employers in an "Agent" capacity. Forms 941 must be filed quarterly - not annually.

### Annual Mock-up, Form 941 as reported by an "Agent"

### Form 941

# **Employer's Quarterly Federal Tax Return**

(Rev. January 2001) Department of the Treasury Internal Revenue Service (O)

4141

See separate instructions for information on completing this form

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(a)			·			•	,			<u> </u>	•	
Sign Here		perjury, I declare that I nowledge and belief, it				accomp		schedu	iles and stater	nents, and	d	
	Signature				1	Name :	and Ti				Date	
For Pap	erwork Reduction	n Act Notice, see pag	ge 1 of separate	instructions	S.	Cat	. No. 1	7001Z	For	m <b>941</b>	(R 1-20	001)

a Control nu	ımber		For Official									
			OMB No. 1	545-0008								
b	941	Military	943		1	Wages, tips, other compensation	2 Federal income tax withheld					
Kind	$\mathbf{x}$				\$	255000.00	\$ 51000.00					
of	CT-1	Hshld	Medicare	third-party	/ 3	Social security wages	4 Social security tax withheld					
Payer		emp	govt. emp.	sick pay								
					\$	255000.00	\$ 1581000					
c Total num	ber of forms W-2		d Establish	ment numbe	€5	Medicare wages and tips	6 Medicare tax withheld					
	7				\$	255000.00	\$ 3697.50					
e Employer	identification num	nber			7	Social security tips	8 Allocated tips					
	22-2345678				\$	, ,	\$					
f Employer's	name				9	Advance EIC payments	10 Dependent care benefits					
	THE MARYLAND	EDUCA	TION GROU	P	\$		\$					
					11	Nongualified plans	12 Deferred compensation					
	456 AGENTS DRIVE				\$		\$					
	OWINGS MILLS,	MD 212	17		13	For third-party sick pay use only						
	•											
					14 Income tax withheld by third-party sick pay payer							
a employer's	address and ZIP	code			\$							
	used this year				////							
	acca and year											
15 State	E	mplover'	s state ID nu	mber	16	State wages, tips, etc.	117 State income tax					
1	_				\$	- tatte 11 ages, aps, ster	\$					
					<u>18</u>	Local wages, tips, etc.	19 Local income tax					
					s	Local Magoo, tipo, oto.	\$					
Contact pers	::::::::::::::::::::::::::::::::::::::	<u> </u>			7	Telephone number	For Official Use Only					
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F-mail addre	E-mail address			Fax number								
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Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature Title Date

Form W-3 Transmittal of Wage and Tax Statements 2001

Department of the Treasury Internal Revevue Service

a Control number	10000	Official Use Only		
	333333	No. 1545-0008		***************************************
b Employer Identification number	er	10000	ages, tips, other compensation	2 Federal income tax withheld
22-2345678		\$	35000.00	\$ 7000.00
c Employer's name, address, ar	nd ZIP code	3 Sc	cial security wages	4 Social security tax withheld
		\$	35000.00	\$ 2170.00
THE MARYLAND E	DUCTION GROUP	5 Me	edicare wages and tips	6 Medicare tax withheld
Agent for MILLBROO	OKE SCHOOL	\$	35000.00	\$ 507.50
456 AGENTS DRIVE	E	7 Sc	cial Security tips	8 Allocated tips
OWINGS MILLS, MI	D 21117	\$		\$
d Employee's social security nur	mber	9 Ad	vance EIC payment	10 Dependent care benefits
246-81-0121		\$	• •	\$
e Employee's first name and init	tial Last name	11 N	onqualified plans	12a See instructions for box 12
GINA	JONES	+		o d e
765 CATON ST. BALTIMORE, MD 2	21202	13 14 Ot	Statutory Retirement Third-party emplovee plan sick pav	12b c 0 g 12c c
f Employee's address and Zip or				
15 State Employer's state ID	\$		18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
	\$			
	Wage and Tax	2001	Department o	f the Treasury-Internal Revenue Service
Form W-2	Statement			For Privacy Act and Paperwork Reduction Act Notice, see separate instructions
Copy A For Social Security Adm	inistration	Cat. No. 10134D		Act (volice, see separate ilistructions

a Control r	number	For C	Official Use Only					
		2000000	No. 1545-0008					
b Employe	r Identification numbe	r		1 Wages, tips, other compensation	2 Federal income tax withheld			
	22-2345678			\$ 65000.00	\$ 13000.00			
c Employe	r's name, address, an	d ZIP code		3 Social security wages	4 Social security tax withheld			
				\$ 65000.00	\$ 4030.00			
	THE MARYLAND ED	DUCATION GROUP		5 Medicare wages and tips	6 Medicare tax withheld			
	456 AGENTS DRIVE			\$ 65000.00	\$ 942.50			
	OWINGS MILLS, ME	21117		7 Social Security tips	8 Allocated tips			
d Employe	e's social security nur	mber		Advance EIC payment	10 Dependent care benefits			
	277-18-1210			\$	\$			
e Employe	Employee's first name and initial Last name			11 Nonqualified plans	12a See instructions for box 12			
	JAMIE	OLSEN		<del>-</del>				
	966 RICHWAY DR. BALTIMORE, MD 21235			13 Statutory Retirement Third-party emplovee plan sick pav	12b c c g 12c			
f Employed	e's address and Zip co	nde			12d c			
15 State	Employer's state ID		etc. 17 State income ta	x 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name			
15 Glate	Linployer's state 15	\$	ctc. 17 Gtate income ta.	x 110 Local Wages, tips, etc.	20 Eddai ilicollic tax			
	<u> </u>	\$						
		Wage and Tax	2001	Department of the	he Treasury-Internal Revenue Service			
Form	W-2	Statement		F	or Privacy Act and Paperwork Reduction			
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Cat. No. 10134D

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a Control r	number	22222 Void 🗔	For Official Use Only OMB No. 1545-0008		
b Employe	r Identification number	22222 Void		1 Wages, tips, other compensation	2 Federal income tax withheld
	22-2345678		WWW	\$ 27000.00	\$ 5400.00
c Employe	r's name, address, and 2	ZIP code		3 Social security wages	4 Social security tax withheld
				\$ 27000.00	\$ 1674.00
	THE MARYLAND EDU	CATION GROUP		5 Medicare wages and tips	6 Medicare tax withheld
	456 AGENTS DRIVE			\$ 27000.00	\$ 391.50
	OWINGS MILLS, MD 2	21117		7 Social Security tips \$	8 Allocated tips
d Employe	e's social security numb	er		Advance EIC payment	10 Dependent care benefits
	218-36-5472			\$	\$
e Employe	e's first name and initial	Last name		11 Nonqualified plans	12a See instructions for box 12
	RICHARD	BLINKO		_	d
f Employee	157 VETS ST. BALTIMORE, MD 212:			13 Statutory Retirement Third-party employee Plant Stock pay	12b
15 State	Employer's state ID nu	ımber 16 State wag	es, tips, etc. 17 State income tax	x 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
	<u> </u>	\$			
		Wage and Tax	2001	Department of	the Treasury-Internal Revenue Service
Form	W-2	Statement		F	For Privacy Act and Paperwork Reduction Act Notice, see separate instructions
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a Control	number	22222 Void F	For Official Use Only OMB No. 1545-0008				
b Employe	er Identification number	ZZZZZ VOIG	OWID 140. 1343-0000		1 Wages, tips, other compensation		2 Federal income tax withheld
	22-2345678				\$ 52000.00		\$ 10400.00
c Employe	er's name, address, and ZI	P code			3 Social security wages \$ 52000.00		4 Social security tax withheld \$ 3224.00
	THE MARYLAND EDUC	ATION GROUP			5 Medicare wages and tips		6 Medicare tax withheld
	Agent for CEDARVILLE	SCHOOL			\$ 52000.00		\$ 754.00
	456 AGENTS DRIVE				7 Social Security tips		8 Allocated tips
	OWINGS MILLS, MD 21	117			\$		\$
d Employe	ee's social security number	r			9 Advance EIC payment		10 Dependent care benefits
, ,	246-81-0121				\$		\$
e Employe	ee's first name and initial	Last name			11 Nonqualified plans		12a See instructions for box 12
	GINA	JONES			*		o d e
	765 CATON ST. BALTIMORE, MD 21202				13 Statutory Retirement Third-party emplovee plan sick pav		12b c o
					14 Other		12c c ls. ls.
f Employe	e's address and Zip code						
15 State	Employer's state ID nun	nber 16 State w \$	ages, tips, etc. 17 State incom	ne ta	18 Local Wages, tips, etc.	19	Local Income tax 20 Locality name
		\$					
	Wage and Tax 2001				Department of the	ne T	reasury-Internal Revenue Service
Form	W-2	Statement			Fo		rivacy Act and Paperwork Reduction to notice, see separate instructions
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a Control i	number		Official Use Only					_	
b Employe	er Identification number			1 \	Vages, tips, other compensation	2	Federal income tax withheld		
	22-2345678			\$	24000.00	\$	4800.00		
c Employe	er's name, address, and ZIP	code		3 S	ocial security wages	4 Social security tax withheld			
				\$	24000.00	\$ 1488.00			
	THE MARYLAND EDUCA	TION GROUP		5 N	ledicare wages and tips	6 Medicare tax withheld			
	456 AGENTS DRIVE			\$	24000.00	\$ 348.00			
	OWINGS MILLS, MD 211	117		7 S \$	ocial Security tips	8 Allocated tips \$			
d Employe	ee's social security number			9 Advance EIC payment			10 Dependent care benefits		
	654-78-9101			\$			\$		
e Employe	ee's first name and initial	Last name		11 1	Nonqualified plans	12 c	2a See instructions for box 12		
	DEBORAH	KING		-		d d	s		
	12 BROADWAY AVE/ BALTIMORE, MD 21229			13 14 C	Statutory Retirement Third-party employee plan sick pay	12 C O d	s		
					uici	, ככב ה	ls.		
						12 C Q	2d		
f Employe	e's address and Zip code						Is		
15 State	Employer's state ID numl	ber 16 State wages, tip \$	s, etc. 17 State income t	tax	18 Local Wages, tips, etc.	19 Lo	ocal Income tax 20 Locality name		
		\$							
	Wage and Tax 2001			Department of the Treasury-Internal Revenue Service					
Form	www. <b>W-2</b> Statement			For Privacy Act and Paperwork Reduction					
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a Control	number 22222		ial Use Only . 1545-0008		
b Employe	er Identification number			1 Wages, tips, other compensation	2 Federal income tax withheld
	22-2345678			\$ 19000.00	\$ 3800.00
c Employe	er's name, address, and ZIP code			3 Social security wages	4 Social security tax withheld
				\$ 19000.00	\$ 1178.00
	THE MARYLAND EDUCATION GR	OUP		5 Medicare wages and tips	6 Medicare tax withheld
	456 AGENTS DRIVE			\$ 19000.00	\$ 275.50
	OWINGS MILLS, MD 21117			7 Social Security tips \$	8 Allocated tips \$
d Employe	ee's social security number			9 Advance EIC payment	10 Dependent care benefits
	323-82-7224			\$	\$
e Employe	ee's first name and initial	Last name		11 Nonqualified plans	12a See instructions for box 12
	BILL	NEWSOME		-	o de ls
	2105 MISSION WAY BALTIMORE, MD 21202			13 Statutory Retirement Third-party employee plan sick pay	12b c o g <u>I</u> 12c c
	e's address and Zip code				12d c
15 State	Employer's state ID number	16 State wages, tips, etc	. 17 State income t	tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
<b></b>	II	\$ \$			
•	Wage a	and Tax	2001	Department of the	e Treasury-Internal Revenue Service
Form	W-2 Statem			Fo	r Privacy Act and Paperwork Reduction
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Cat. No. 10134D

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a Control	number	3333	or Official Use Only		
h Employ	er Identification number	22222 Void C		1 Wages, tips, other compensation	2 Federal income tax withheld
D Lilipioy	22-2345678		s	•	\$ 6600.00
c Employ	rer's name, address, and ZII	Picode	19999	3 Social security wages	4 Social security tax withheld
C Lilipioy	ci s name, address, and Zii	Code	s	, ,	\$ 2046.00
	THE MARYLAND EDUC	ATION GROUP		5 Medicare wages and tips	6 Medicare tax withheld
	456 AGENTS DRIVE	ATTION CITOOT	\$	33000.00	\$ 478.50
	OWINGS MILLS, MD 21	117	<u> </u>	7 Social Security tips	8 Allocated tips
	OWINGO MILLO, MD 21		s	i Gooda Goodhiy tipo	\$
d Employ	ee's social security number			9 Advance EIC payment	10 Dependent care benefits
	356-39-5462		\$	;	\$
e Employ	ee's first name and initial	Last name	1	Nonqualified plans	12a See instructions for box 12
					C
L	KEVIN	SMITH	-		O d
	19 BANKIT CT. WOODLAWN, MD 2124	4		3 Statutory Retirement Third-party employee plan sick pay  4 Other	12b
f Employe	ee's address and Zip code				
15 State	Employer's state ID nun	nber 16 State wages, \$	tips, etc. 17 State income tax	18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
	1	Wage and Tax	2001	Department of the	he Treasury-Internal Revenue Service
Form		Statement		·	or Privacy Act and Paperwork Reduction
					Act Notice, see separate instructions
Copy A Fo	or Social Security Administr	ation	Cat. No. 10134D		

# **Special Reporting Situations**

### **Introduction**

This section provides examples of proper/improper paper reporting to help employers understand and comply with SSA/IRS guidelines. Included are examples of correctly prepared reports with reports containing errors that could have been prevented. This section illustrates general guidelines for private employers filing paper Forms W-2, W-3, and 941. Included are examples which reflect special reporting situations such as: 1) sick pay; 2) deferred compensation; 3) Advance Earned Income Credit; 4) tax shelter contributions to 401-(k) plans; 5) fringe benefits and 6) allocated tips. Specific filing instructions are available in the instructions for filing Forms W-2, W-3, and 941 as well as IRS Publication 15, Circular E, Employers Tax Guide and IRS Publication 15-A, Employer's Supplemental Tax Guide.

This section contains four quarterly (and one annual mock-up of) IRS Forms 941, one Form W-3, and eight Forms W-2 from the WireMasters Company. This information illustrates how:

- WireMasters reported its quarterly payroll and tax deposit data to IRS;
- The annual sum of WireMasters' quarterly Form 941 data should agree with its W-3 data for the same calendar year; and
- WireMasters' W-3 data agree with employees' W-2 data.

### **Case Scenario**

The following case scenario illustrates how WireMasters Company, a private employer, reports its wage and tax deposit data on the Forms W-2, W-3 and 941. In the examples which follow, WireMasters employed 8 individuals who have been affected by at least one of the special reporting situations (defined above). SPI Insurance Co. (a third-party payer) is responsible for paying sick pay to two of WireMasters's employees, Tara Mason and Josie Schaeffer. Illustrated are various special reporting situations for the WireMasters Company in TY 2001. The scenario consists of: Employer Wage and Tax Deposit Data (Forms 941, W-3 and W-2); Employee Wage and Tax Statements (Forms W-3 and W-2); and Payroll Register Data Tables.

Note: For SPI, one form W-2 was prepared to show the sick pay paid and taxes withheld as well as a "Dummy Form W-2 and W-3" were prepared to show the combined amount of sick pay paid to all employees of WireMasters to whom SPI made payments. For ease of illustration, a facsimile Form 941 for SPI Insurance Co. was prepared, which portrays an "annual mock-up" and is intended to show that SPI's Form 941 correspond to its Form W-3. Forms 941 must be filed quarterly - not annually.

WireMasters annual Form 941 mock-up (page 113) is used to show how you could use a Form 941 or other work sheet to check the accuracy of your reporting for the year. This form balances to (1) the sum of the four preceding quarterly Forms 941 (pages 109 through 112), (2) the Form W-3 WireMasters submitted to SSA (page 114) and (3) the sum of the eight Forms W-2 WireMasters issued (pages 115 through 118). WireMasters' Forms 941, W-3 and W-2 are correct examples because they meet the following criteria.

### Payroll Register versus Forms 941

- Each quarterly Form 941 balances to (1) the sum of the corresponding employee payroll register data for each quarter (Exhibits 5-1 through 5-4) and (2) the corresponding annual payroll register summary data (Exhibit 6) for each of the following:
  - a. Total Wages, tips, other compensation and Federal income tax withheld;
  - b. Taxable Social Security wages and taxable Social Security tips; and
  - c. Taxable Medicare wages and tips.
- Regarding sick pay, WireMasters:
  - a. Treated sick pay payments correctly in terms of identifying wages representing (1) only the percentage of the premium cost of the sick pay plan borne by WireMasters as federally taxable wages and (2) only the first six months of sick pay as taxable Social Security and Medicare wages; and
  - b. Properly adjusted the Social Security and Medicare taxes withheld on each applicable Form 941 (line 9) to reflect (1) employee taxes withheld and paid by a third-party payer and (2) uncollected employee Social Security and Medicare taxes.

#### Forms 941 versus Forms W-3

- The following data from the Form W-3 balance to the annual sum of the four quarterly Forms 941:
  - a. Wages, tips, other compensation and Federal income tax withheld;
  - b. Social Security wages and Social Security tips; and
  - c. Medicare wages and tips.
- Regarding the Form W-3, WireMasters properly reported the Income Tax Withheld by a Third-party Payer in Box 15 of the Form W-3, based on sick payments made to an employee by a third-party.

#### Forms W-3 versus Forms W-2

- The sum of all wages and tax withheld on the Forms W-2 balance to the aggregate wages and tax withheld on the Form W-3.
- Regarding Group-Term Life Insurance (GTLI) over \$50,000, WireMasters:
  - a. Used the Form W-2 to report the taxable cost of GTLI over \$50,000; and
  - b. Treated the cost of GTLI over \$50,000 as income and withheld only the FICA tax on that income for current (not retired) employees.
- Regarding Advance Earned Income Credit (EIC) Payments, WireMasters:
  - a Used the Form W-2 to report Advance EIC;
  - b. Did not treat the Advance EIC payment as wages (did not include in boxes 1, 3 or 5);
  - c. Did not withhold income, Social Security or Medicare taxes;
  - d. Did not use the Advance EIC payment amount to change the amount of income, Social Security or Medicare taxes withheld from the employee's wages; and
  - e. Showed the total Advance EIC payments in box 9 on the Form W-2.
- Regarding Deceased Employee Wages, WireMasters:
  - a Used the Form W-2 to report the wage payment as Social Security and Medicare wages (boxes 3 and 5 respectively);
  - b. Used the Form W-2 to show that Social Security and Medicare taxes (boxes 4 and 6 respectively) are withheld; and
  - c. Did not show the payments in box 1.
- Regarding Fringe Benefits, WireMasters:
  - a Used the Form W-2 to report all taxable fringe benefits in box 1 as taxable wages;
  - b. Included the taxable fringe benefits in boxes 3 and 5 as social security and Medicare wages; and
  - c. Showed the total value of the fringe benefits in box 12.
- Regarding the Elective Deferral to a 401-(k) Plan, WireMasters:
  - a. Reported in box 12 the elective deferral and identified it by using code D;
  - b. Checked the Retirement Plan check box in box 13; and
  - c. Excluded the amount of the elective deferral from box 1.

### **Special Note on Sick Pay Reporting**

Sick pay generally means any amount paid under a plan because of an employee's temporary absence from work due to injury, sickness or disability. It may be paid by either the employer or a third party, such as an insurance company. Sick pay does not include the following payments: disability retirement payments; worker's compensation; medical expense payments or payments unrelated to absence from work.

### Sick Pay Paid by Third Party where Liability is not transferred

If the third party does not satisfy the requirements for transferring liability for the employer's part of the Social Security and Medicare taxes, the third party reports the sick pay on its own Forms 941. In this situation, the employer has no tax responsibilities for sick pay. The third party must deposit Social Security and Medicare taxes and withheld income taxes using its own name and EIN. The third party must give each employee to whom it paid sick pay a Form W-2 using the third party's name, address, and EIN. For illustration, see the example for Tara Mason on page 122 for further clarification.

### Sick Pay Paid by Third Party where Liability is transferred

If a third party transfers the employer part of Social Security and Medicare taxes, the following rules apply: The third party must make deposits of withheld employee Social Security, Medicare and income taxes using its own name and EIN. The third party and employer must each file Form 941 on which line 9 must contain a special adjusting entry for Social Security and Medicare taxes. These entries are required because the total tax liability for Social Security and Medicare taxes (employer and employee parts) is split between the employer and the third party. For illustration, see the example for Josie Schaeffer on page 132.

**Employer**: If liability is transferred from a third party, the employer must include third party sick pay on lines 2, 6a and 7a of the Forms 941. After completing line 8, subtract line 9, employee Social Security and Medicare taxes withheld and deposited by the third party. Enter the amount in the "sick pay" space provided. If line 9 includes adjustments unrelated to sick pay, show those amounts in the spaces provided and the total in the line 9 box on the right.

**Third Party**: If liability is transferred from a third party then the third party must include the employee part of the income, Social Security and Medicare taxes it withheld on the Forms 941. The third party does not include on line 2 any sick pay paid as a third party but does include on line 3 any income tax withheld. On line 6a, the third party enters the total amount it paid subject to Social Security taxes. On line 7a, the third party enters the total amount it paid subject to Medicare taxes. On line 9, the third party subtracts the amount the employer must pay. The third party enters the amount the employer must pay on line 9 in the "sick pay" space provided. If line 9 includes adjustments unrelated to sick pay, show those amounts in the spaces provided and the total in the line 9 box on the right.

### 1st Quarter

## Form **941**

# **Employer's Quarterly Federal Tax Return**

(Rev. January 2001) Department of the Treasury Internal Revenue Service (O)

4141

See separate instructions for information on completing this form

Enter st code for in which deposits made O different state in address the righ (see page 3 c instruct	to t	WIREMASTER Trade name, if a  Address (number) 123 SMALL BU 1 1 1 1 5 6	er and street) USINESS WAY  1 1 1 1 7 8 8 8 8	2 3 8 8 8	3 3 3	55-0198765 City, state, and BALTIMORE, 3 3 4	ZIP code MD 21201 4 4 10 10 10 10 10 10	T FF FD FP I T	No. 1545-002	9
	o not have to file ret						al wages paid	_		
If you are a seasonal employer, see Seasonal employers on page 1 of the instructions and check here  1 Number of employees (except household) employed in the pay period that includes March 12th										
2 Tota 3 Tota 4 Adj	al wages and tips, plad income tax withher ustment of withheld	us other compened from wages, to income tax for p	sation	of calendar y				. 4		72
5 Adj	usted total of incom- able social security v	e tax withheld (li	ine 3 as adjusted by	line 4 - see	instruction	s) 		5 6b	20335	
Taxa	ible social security v	ips		6c	\$ 1125	00	X12.4%(.124) = X12.4%(.124) =	6d	12936 139	
7 Tax	ible social security t able Medicare wage	s and tips		7a	\$104678	00	X 2.9%(.029) =	7b		68
are i	al social security and not subject to social ustment of social sec	security and/or I curity and Medic	Medicare tax are taxes (see instr	uctions for r	equired exp	lanation)	·····	8	16111	92
10 Ad	Pay \$ <u>+</u> usted total of social	security and Me	edicare taxes (line 8	as adjusted	by line 9-se	ee instructions)	_	10	16111	92
								. 11	36447	64
13 Net	taxes (subtract line	12 from line 11)	. This should equa	l line 17, col	umn (d) bel	low			156 36291	64
`									36291	
16 Ov	erpayment, if line 14	is more than lin	ie 13, enter excess	ns here		\$		15		
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	nthly Summary of F ) First month liabilit		ond month liability		Third mont	veekly schedule h liability	(d) Total lia	bility f	or quarter	
(α	12097.21		97.21	(0)	12097.2		(a) Total lie	36291		
Sign Here	Under penalties of p to the best of my kr					g accompanying  Print Your	schedules and statem	ents, ar	nd	
11616	Signature					Name and Ti	tle		Date	
For Pap	erwork Reduction	Act Notice, se	e page 1 of separ	ate instruct	ions.	Cat. No. 1		9 <b>41</b> (	R 1-2001	)

### 2nd Quarter

## Form **941**

# **Employer's Quarterly Federal Tax Return**

(Rev. January 2001) Department of the Treasury Internal Revenue Service (O)

4141

See separate instructions for information on completing this form

Enter st		Name(as distinguished from trade name)  Date quarter ended								l	OMB No. 1545-0029					
in which deposits		,							June 30, 2001				FF FD			
made O	NLY if	Trade name,								,		atıon nur	mber	FP I		
state in									Employer identification number  55-0198765							
address the righ																
(see page 3 o	of	Address (number and street)							City, state, and ZIP code							
instruct	ions).	123 SMALL	BUSINES	SWAY					BALTI	IMOR	E, MI	21201				
If addres		1 1 1 1	1 1 1	1	2	3	3 3	3	3 3	4	4	4				
different from pri			+++		++			+				$\vdash$		П		
return, c		5 6	7 E	8 8 8	8 8	8	9	9	9	10 1	0 10	10 10	10 10 10	10	10	
here																
-	o not have to file ret											ages paid	1			
	re a seasonal employ															
	nber of employees (	_												1	*****	T.,
2 Tota 3 Tota	al wages and tips, pl al income tax withh	us other com	pensation es tips and	sick pay										2	\$102037 20407	
4 Adj	ustment of withheld	income tax f	or preceding	quarters	of calen	dar y	ear .							4	20407	70
5 Adj	usted total of incom	e tax withhel	d (line 3 as a	adjusted b	y line 4	- see	instruc	tions	)					. 5	20407	
6 Taxa	able social security table social security t	vages			(	5a	\$10468	7		40		X12.4%(		6b	12981	
7 Tow	able social security t	ips				5c	\$ 112	5		00		X12.4%(		6d		50
	able Medicare wage al social security and								70.000	40		X 2.9%(	.029) =	7b	3046	70
o Tou	not subject to social	security and	or Medicare	es ou, ou,	and 70)	. CII	eck nei	CIIW	vages			Г	1	8	16166	81
9 Adj	ustment of social se	curity and Mo	edicare taxes	s (see inst	ructions	for r	equired	l expl	lanation	1)		· · · L			10100	01
9 Adjustment of social security and Medicare taxes (see instructions for required explanation) Sick Pay \$ + Fractions of Cents \$ + Other \$ =  10 Adjusted total of social security and Medicare taxes (line 8 as adjusted by line 9-see instructions)							9		70							
10 Adjusted total of social security and Medicare taxes (line 8 as adjusted by line 9-see instructions)								10	16029	11						
11 Tot	tal taxes (add lines 5	and 10)												11	36436	59
12 Ad	vance earned incom	e credit (EIC	) payments i	made to er	nployee	S								12	156	00
12 Advance earned income credit (EIC) payments made to employees.  13 Net taxes (subtract line 12 from line 11). This should equal line 17, column (d) below (or line D of Schedule B (Form 941)).							1.0	2.000	50							
							13	36280	59							
14 Total deposits for quarter, including overpayment applied from a prior quarter									14	36280	59					
15 Bal	lance due (subtract l	ine 14 from 1	ine 13). See	instruction	ons									15		
16 Overpayment, if line 14 is more than line 13, enter excess here																
and	check if to be:	Applied	to next retu	rn OR				Refu	unded.							
o All filers: If line 13 is less than \$500, you need not complete line 17 or Schedule B.																
	Semiweekly schedu															
0	Monthly schedule de	epositors: Co	implete line	17, colum	ıns (a) tl	hroug	gh (d) a	nd ch	ieck he	re						Ш
	nthly Summary of I			Oo not cor							ıle dep		· # 1111			
(a	) First month liabilit 12093.53	ity (b) Second month liability 12093.53					(c) Third month liability 12093.53			(d	(d) Total liability for quarter 36280.59					
Щ.	Under penalties of			we evemi	ned this	retu				nantri	na sol	edules s	nd statemer			
	to the best of my kr							uumg	accom	ıpanyı	ing SCI	icuules a	na stateme	nts, d	ııu	
Sign	l and a second my Mi			, •0.11	,											
_									D:	Var	_					
Here	Signatura								Print						Dote	
Ear De	Signature	A of Notice	222 = 2 = -	1 of ~~~	mata :	t	ion-		Name			117	Е	0.41	<b>Date</b> (B. 1.200)	1)
roi rat	erwork Reduction	i Act Notice	, see page	i oi sepa	rate IIIS	u uCl	uons.		Ca	ı. 190	. 1700	J1Z	LOHII	741	(R 1-200	1)

### 3rd Quarter

### Form **941**

# **Employer's Quarterly Federal Tax Return**

(Rev. January 2001) Department of the Treasury Internal Revenue Service (O)

4141

See separate instructions for information on completing this form

Enter st code for in which deposits made O differen state in address tne righ (see page 3 o instruct	state  NLY if t from  to t ions).	WIREMASTEI Trade name, if  Address (numb 123 SMALL B 1 1 1 1 5 6	er and street) USINESS WAY  1 1 1 1 7 8 8 8 8	2 3 8 8 8	3 3 3 9 9	9	765 te, and Z  MORE, N  4 4  10 10 1	001 tication CIP code MD 212 4 0 10 1	e	T FF FD FP I T	No. 1545-002	9
-	e a seasonal employ		-					wages	paid	$\overline{}$		
	nber of employees (									1		
	al wages and tips, pl									. 2	78355	00
3 Tota	al income tax withhe	eld from wages,	tips, and sick pay							3	15671	00
	ustment of withheld usted total of income									5 -	15671	00
6 Taxa	ible social security v	vages	as adjusted by	6a	\$79805		 00 <b>I</b>		4%(.124) =	6b	9895	
Taxa	able social security to able Medicare wage	ps		6c	\$ 1125		00	X12.	4%(.124) =	6d	139	50
7 Tax	able Medicare wage	s and tips		7a	\$80155		00	X 2.	9%(.029) =	7b	2324	50
are	al social security and not subject to social sustment of social sec	security and/or	Medicare tax							8	12358	82
9 Adjustment of social security and Medicare taxes (see instructions for required explanation) Sick Pay \$ + Fractions of Cents \$ + Other \$ =								9	459	00		
Sick Pay \$ + Fractions of Cents \$ + Other \$ = 10 Adjusted total of social security and Medicare taxes (line 8 as adjusted by line 9-see instructions)										10	11899	82
11 Total taxes (add lines 5 and 10)										11	27570	82
12 Advance earned income credit (EIC) payments made to employees.  13 Net taxes (subtract line 12 from line 11). This should equal line 17, column (d) below (or line D of Schedule B (Form 941)).								12	156	00		
							13	27414	82			
14 Tot	al deposits for quart	er, including ov	erpayment applied	from a prior	quarter					14	27414	82
16 Ov	ance due (subtract li erpayment, if line 14	is more than lii	ne 13, enter excess	ns		\$	· · · · · · · · ·			15		
and	check if to be:	Applied to	next return OR		Re	funded.						
o All filers: If line 13 is less than \$500, you need not complete line 17 or Schedule B. o Semiweekly schedule depositors: Complete Schedule B and check here												
17 Mo	nthly Summary of F	ederal Tax Liab	ility. Do not con	nplete if you	are a semi	weekly sc	hedule d	leposito	r			
(a) First month liability (b) Second month liability (c) Third month liability (d) Total li									ability for quarter			
9138.27 9138.27 9138.28 27414.82 Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and												
	Under penalties of p to the best of my kn					g accomp	anying s	schedule	es and stateme	nts, an	d	
Sign												
Here						Print Y	our					
	Signature					Name a		le			Date	
For Pap	erwork Reduction	Act Notice, se	ee page 1 of separ	ate instruct	ions.	Cat.	No. 17	001Z	Form	941(	R 1-200	1)

### 4th Quarter

### Form **941**

# **Employer's Quarterly Federal Tax Return**

(Rev. January 2001) Department of the Treasury Internal Revenue Service (U)

4141

See separate instructions for information on completing this form

Enter st code for in which deposits made O differen state in address tne righ (see page 3 of instruct	state  i were NLY if t from  to t ions).  SS IS  I I I I I I I I I I I I I I I I	Name(as distinguished from trade natural WIREMASTERS COMPANY  Trade name, if any  Address (number and street)  123 SMALL BUSINESS WAY  1 1 1 1 1 1 1 1 2  5 6 7 8 8 8 8 8	3 3 3 3 3 8 8 8 9 9	9 10 10 10 10	n number	No. 1545-0029			
-		irns in the future, check here er, see Seasonal employers on page 1		nd enter date final wages	paid				
		except household) employed in the pa							
2 Tota 3 Tota	al wages and tips, plal income tax withhe	is other compensation			3	79027 00 15805 40			
5 Adji 6 Taxa	usted total of incomo	tax withheld (line 3 as adjusted by liages ps and tips	ne 4 - see instruction . 6a \$78677	ns)		15805 40 9755 95 139 50			
8 Tota	al social security and not subject to social	Medicare taxes (add lines 6b, 6d, and security and/or Medicare tax	d 7b). Check here if	wages	2.9%(.029) = 7b 8	2381 68 12277 13			
9 Adjustment of social security and Medicare taxes (see instructions for required explanation) Sick Pay \$ + Fractions of Cents \$ + Other \$ =  10 Adjusted total of social security and Medicare taxes (line 8 as adjusted by line 9-see instructions)									
11 Total taxes (add lines 5 and 10)									
12 Advance earned income credit (EIC) payments made to employees.  13 Net taxes (subtract line 12 from line 11). This should equal line 17, column (d) below (or line D of Schedule B (Form 941)).									
14 Total deposits for quarter, including overpayment applied from a prior quarter									
16 Ov	erpayment, if line 14	ne 14 from line 13). See instructions is more than line 13, enter excess her Applied to next return OR	re	\$ funded.					
o All filers: If line 13 is less than \$500, you need not complete line 17 or Schedule B. o Semiweekly schedule depositors: Complete Schedule B and check here									
	nthly Summary of F First month liabilit		ete if you are a semi (c) Third mont	weekly schedule deposit					
(a)		iability for quarter 27605.23							
Sign		erjury, I declare that I have examined owledge and belief, it is true, correct,							
Here	Niamatura			Print Your		Data			
For Pan	Signature erwork Reduction	Act Notice, see page 1 of separate	e instructions	Name and Title Cat. No. 17001Z	Form <b>941</b>	Date (R 1-2001)			
- 01 1 up	or work recaucifully			Cut. 110. 17001Z	1 01111 7 7 1	(			

## Annual Mock-up, Form 941

## Form 941

## **Employer's Quarterly Federal Tax Return**

(Rev. January 2001) Department of the Treasury Internal Revenue Service (O)

4141

See separate instructions for information on completing this form

Please type or print.

code for in which	code for state in which deposits were       Name(as distinguished from trade name)       Date quarter ended         WIREMASTERS COMPANY       WIREMASTERS COMPANY									OMB N T FF FD	Jo. 1545-002	29												
måde O differen			Tra	de nan	1e, 1f	any								Emp	loye	r ide	entiti	catio	n nu	mber	-	FP I		
state in address	to													55-0	198′	765						Т		
tne righ (see	<u> </u>	J	Ado	dress (1	ıumt	er and	street	)						City,	stat	e, ai	nd ZI	IP cod	de					
page 3 c			123	SMAI	LL B	USINE	ESS W	ΑY						BAL	TIM	10K	E, M	ID 21	201					
If address is different from prior return, check 5 5 5 6 7 8 8 8 8 8 8 9 9 9 10 10 10 10 10 10 10 10 10 10 10 10 10									10 10	)														
																	inal v	wages	s pai	d				
	re a seasonand																					1	8	
2 Tota	al wages an	d tips, pl	lus o	ther co	mpei	nsation				· .												. 2	361098	
3 Tota	al income ta ustment of	ıx withho withheld	eld fi	rom wa	iges,	tips, ai	nd sick	c pay	of c	 alend	ar v											3	72219	60
5 Adj	usted total	of incom	e tax	c withh	eld (	line 3 a	s adju	isted b	y lin	ie 4 -	see	instru	ction	s) .	٠.							. 5	72219	60
6 Taxable social security wages								6b 6d	45569 558															
7 Tax	able Medic	are wage	es an	d tips .						. 7a	l	\$3719	98		0	0				(.029)		7b	10787	
	al social sec not subject													wages								8	56915	69
9 Adj	ustment of Pay \$ justed total	social se	curit	ty and I	Medi	care ta	xes (se	ee inst	ructi	ions f	or r	equire	d exp	olanati	on)							9	918	
	justed total tal taxes (ac																					. 11	55997 128217	
13 Net	vance earne t taxes (sub r line D of S	tract line	12 f	from li	ne 11	). This	shoul	d equ	al lin	ie 17,	col	umn (	d) be	low									624 127593	
14 Tot	tal deposits	for quar	ter, i	ncludir	ıg ov	erpayn	nent a	pplied	fron	n a pi	rior	quarte	er									14	127593	29
16 Ov	lance due (s erpayment,	if line 14	4 is r	more th	ian li	ne 13,	enter e	excess	here	 e				\$			 —					15		
	check if to			Applie				OR						funde	d.									
0	o All filers: If line 13 is less than \$500, you need not complete line 17 or Schedule B. o Semiweekly schedule depositors: Complete Schedule B and check here																							
	17 Monthly Summary of Federal Tax Liability. Do not complete if you are a semiweekly schedule depositor  (a) First month liability (b) Second month liability (c) Third month liability (d) Total liability for quarter																							
(a	) First mon	in Habilit	. <u>y</u>	(b)	) Sec	ond mo	onth II	ability	У		(c)	Inira	mont	n Hab	ility				(0	1) 10	tal liat	ollity fo	r quarter	
Sign	Under pento the best												ludin					chedu	les a	nd st	tateme	nts, and	d	
Here	Signatur	e												Prin Nan				<b>a</b>					Date	
For Pap	erwork R		ı Ac	t Noti	ce, s	ee pag	e 1 o	f sepa	rate	inst	ruct	ions.						001Z		]	Form	941(	R 1-200	1)

a Control number For Official Use Only OMB No. 1545-0008							
b <u>941 Military</u> <u>943</u>	1 Wages, tips, other compensation	2 Federal income tax withheld					
Kind X	\$ 361098.00	\$ 72219.60					
of CT-1 Hshld Medicare Third-party	3 Social security wages	4 Social security tax withheld					
Payer emp govt. emp. sick pay	\$ 367498.00	\$ 23063.87					
c Total number of forms W-2 d Establishment number	5 Medicare wages and tips	6 Medicare tax withheld					
8	\$ 371998.00	\$ 5393.97					
e Employer identification number	7 Social security tips	8 Allocated tips					
55-0198765	\$ 4500.00	\$ 3000.00					
f Employer's name	9 Advance EIC payments	10 Dependent care benefits					
WIREMASTERS COMPANY	\$ 624.00	\$					
	11 Nonqualified plans	12 Deferred compensation					
123 Small Business Way	\$	\$ 12000.00					
Baltimore, MD 21201	13 For Third-party sick pay use only						
	14 Income tax withheld by Third-party sick pay paye						
g employer's address and ZIP code	\$ 2760.00						
h Other EIN used this year							
15 State Employer's state ID number	16 State wages, tips, etc.	17 State income tax					
	18 Local wages, tips, etc.	19 Local income tax					
	\$	\$					
Contact person	Telephone number	For Official Use Only					
John Newton	(777) 111-2222						
E-mail address	Fax number						
	(777) 111-2223						

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete

Title

Transmittal of Wage and Tax Statements

Form

2001 Department of the Treasury Internal Revenue Service

a Control			For Official Use Only			
	30000	22222 Void	OMB No. 1545-0008			
b Employ	er Identification number				1 Wages, tips, other compensation	2 Federal income tax withheld
	55-0198765			\$	12220.00	\$ 2444.00
c Employe	er's name, address, and ZIP o	ode		3	S Social security wages	4 Social security tax withheld
				\$	12220.00	\$ 757.64
	WIREMASTERS COMP	ANY		5	Medicare wages and tips	6 Medicare tax withheld
	123 SMALL BUSINESS	WAY		\$	12220.00	\$ 177.19
	BALTIMORE, MD 2120	1		7	Social Security tips	8 Allocated tips
d Employ	ee's social security number			\$ 9	Advance EIC payment	10 Dependent care benefits
	345-89-6701			\$	624.00	\$
e Employ	ee's first name and initial	Last name		1	1 Nonqualified plans	12a See instructions for box 12
	RANDOLPH	MARANO		-		d e s
	123 MAPLE ST. BALTIMORE. MD 2120	1		1	employee plan sick pay	12b c o
				14	4 Other	12c c c c c c c
						12d 6 7 8
f Employe	ee's address and Zip code					
15 State	Employer's state ID numbe	r 16 State wage \$	es, tips, etc. 17 State inc	ome tax	18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
		\$				
		age and Tax	2001	1	Department of	the Treasury-Internal Revenue Service
Form	W-2 Sta	atement			F	For Privacy Act and Paperwork Reduction Act Notice, see separate instructions
Copy A Fo	or Social Security Administration	n	Cat. No. 10134D			•

## Active/full-FICA

Copy A For Social Security Administration

	or Official Use Only OMB No. 1545-0008		
b Employer Identification number		1 Wages, tips, other compensation	Federal income tax withheld
55-0198765	\$	\$ 49500.00	\$ 9900.00
c Employer's name, address, and ZIP code		3 Social security wages	4 Social security tax withheld
	\$	\$ 50000.00	\$ 3379.00
WIREMASTERS COMPANY		5 Medicare wages and tips	6 Medicare tax withheld
123 SMALL BUSINESS WAY	\$	\$ 54500.00	\$ 790.00
BALTIMORE, MD 21201		7 Social Security tips	8 Allocated tips
	\$	\$ 4500.00	\$ 3000.00
d Employee's social security number		9 Advance EIC payment	10 Dependent care benefits
234-78-5690	\$	\$	\$
e Employee's first name and initial Last name	1	11 Nonqualified plans	12a See instructions for box 12
			C
SANDRA SPENCER	4	φ	d e D \$ 5000
		13 Statutory Retirement Third-party	12b
420 SMITH AVE. BALTIMORE. MD 21201		employee plan sick pay	c
BALTIMORE, MD 21201			0 d
		14 Other	12c
			c
			C L
			12d
			c
			Ğ
f Employee's address and Zip code			
15 State Employer's state ID number 16 State wages,	tips, etc. 17 State income tax	18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
<b> </b>			
\$			
Wage and Tax	2001		T
	2001	Department of tr	ne Treasury-Internal Revenue Service
Form W-2 Statement		Fo	or Privacy Act and Paperwork Reduction
			Act Notice, see separate instructions

115

Cat. No. 10134D

a Control r	number	22222	Void		cial Use Only o. 1545-0008					
b Employe	r Identification number 55-0198765	22222	Volu	OWBIN	0. 1343-0006		1 Wages, tips, other compensation \$ 52000.00		2 Federal income ta	x withheld 10400.00
c Employe	r's name, address, and Z	IP code					3 Social security wages \$ 52000.00		4 Social security tax \$	withheld 3224.00
	WIREMASTERS CC 123 SMALL BUSINE	SS WAY					5 Medicare wages and tips \$ 52000.00		6 Medicare tax with \$	held 754.00
	BALTIMORE, MD 2						7 Social Security tips \$		8 Allocated tips \$	
d Employe	e's social security numbe 567-01-8923	er					9 Advance EIC payment \$		10 Dependent care   \$	benefits
e Employe	e's first name and initial JUNGHEE		Last nam KIM	ie			11 Nonqualified plans		12a See instructions	for box 12
	567 EASTERN AVE BALTIMORE. MD 2	1201	****				13 Statutory Retirement Third-party emproyee pian Sick pay		12b c o	s
							14 Other		12c c c d	s
f Employee	e's address and Zip code								12d <u>c</u> <u>c</u> -	-
15 State	Employer's state ID nu	ımber	16 State \$	wages, tips, e	tc. 17 State incom	e tax	x 18 Local Wages, tips, etc.	19	9 Local Income tax	20 Locality name
	Ì		\$							
		Wage a			2001		Department of	the 7	Treasury-Internal Reven	ue Service
Form	W-2	Stateme	ent						Privacy Act and Paperwo ct Notice, see separate i	

Cat. No. 10134D

## Active/full-FICA)

Copy A For Social Security Administration

Copy A For Social Security Administration

a Control number			For Official Use Only				
	22222	Void	OMB No. 1545-0008				
b Employer Identification 55-0198765		<u>,                                     </u>	•		1 Wages, tips, other compensation \$ 33006.00		2 Federal income tax withheld \$ 6601.20
c Employer's name, addre	•				3 Social security wages \$ 31206.00		4 Social security tax withheld \$ 1934.77
WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201					5 Medicare wages and tips \$ 31206.00 7 Social Security tips		6 Medicare tax withheld \$ 452.49 8 Allocated tips
d Employee's social secu	,				Social Security tips     Advance EIC payment		\$ 10 Dependent care benefits
456-90-781					\$		\$
e Employee's first name a	ind initial	Last name			11 Nonqualified plans		12a See instructions for box 12
JOSIE		SCHAEFFE	R		Ψ		d e J \$ 9200
901 AIRY W BALTIMOR	/AY E. MD 21201				13 Statutory Retirement Third-party pian Sick pay  14 Other  SK PAY - SPI Ins. Co.		12b c o d d 12c c d d 12d
f Employee's address and							c c c c c c c c c c c c c c c c c c c
15 State Employer's s	tate ID number	16 State wage \$	es, tips, etc. 17 State incom	e ta	x 18 Local Wages, tips, etc.	19	Local Income tax 20 Locality name
1	Wage a	mi* nd Tax	2001		Department of the	he T	reasury-Internal Revenue Service
Form W-2 Statement					·	or Pr	ivacy Act and Paperwork Reduction
Conv A For Social Security	Administration		Cat. No. 10134D			Act	Notice, see separate instructions

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a Control	number	22222 Void	For Official Use Only OMB No. 1545-0008				
h Employ	er Identification number	ZZZZZ VOIU	OWB NO. 1545-0006		1 Wages, tips, other compensation	1 n	Federal income tax withheld
D Elliploy	55-0198765			9		2 7	14030.00
c Employ	er's name, address, and ZII	Doodo		\$555555 '	3 Social security wages	, P	Social security tax withheld
C Elliploy	ei 5 fiairie, address, and Zii	r code			5 30ciai security wages \$ 77672.00	4	4815.66
	WIREMASTERS CO	MDANIX		- 1		a o	1 1 1 1
					5 Medicare wages and tips	Ь	Medicare tax withheld
	123 SMALL BUSINES			77	77672.00	\$	1126.24
	BALTIMORE, MD 21	201			7 Social Security tips	8	Allocated tips
				9	5	\$	
d Employ	ee's social security number	•		555555	9 Advance EIC payment	10	Dependent care benefits
	719-50-3210			9	•	\$	
e Employ	ee's first name and initial	Last name		1	11 Nonqualified plans	12a	a See instructions for box 12
	DOMINIOUE D	IOUNGON				ç	
l	DOMINIQUE D	JOHNSON		4	Ų.	d e	D \$ 7000
					13 Statutory Retirement Third-party	12t	
	650 HOPE RD. BALTIMORE, MD 21	000			employee plan sick pay	С	
	BALTIMORE, MD 21	202				0 t 0	C \$ 522
				-	14 Other	12c	0 10 022
					14 Other	r.	,
						Ca G	s 350
					Wages paid after death 3100.00	12c	
					geo para arras acam a resure	c	
						ď	l <sub>s</sub>
f Employe	ee's address and Zip code						
15 State	Employer's state ID nun	nber 16 State wage	s, tips, etc. 17 State income	e tax	18 Local Wages, tips, etc.	19 Loc	cal Income tax 20 Locality name
		\$					
	<u> </u>	\$					
	,	Wage and Tax	2001		D : : : :	T	
			2001		•		sury-Internal Revenue Service
Form	W-2	Statement			Fo		y Act and Paperwork Reduction
Conv A Ed	or Social Security Administr	ation	Cat. No. 10134D			Act No	tice, see separate instructions
Copy A FC	o occar occurry Aurillisi	auon	Cat. No. 10134D				

## Active/full-FICA)

Copy A For Social Security Administration

a Control number For Official Use Only 22222 Void OMB No. 1545-0008	
b Employer Identification number	1 Wages, tips, other compensation 2 Federal income tax withheld
55-0198765	\$ 76900.00 \$ 15380.00
c Employer's name, address, and ZIP code	3 Social security wages 4 Social security tax withheld
	\$ 80000.00 \$ 4960.00
WIREMASTERS COMPANY	5 Medicare wages and tips 6 Medicare tax withheld
123 SMALL BUSINESS WAY	\$ 80000.00 \$ 1160.00
BALTIMORE, MD 21201	7 Social Security tips 8 Allocated tips
	\$ s
d Employee's social security number	9 Advance EIC payment 10 Dependent care benefits
023-67-4589	\$ s
e Employee's first name and initial Last name	11 Nonqualified plans 12a See instructions for box 12
	C C
EDWARD E MCNAMARA	i d
800 CLARK RD. SEVERN. MD 21144	13 Statutory Retirement Third-party 12b employee plan sick pay c
	14 Other    12c   C   C   C   C   C   C   C   C   C
f Employee's address and Zip code	
15 State Employer's state ID number 16 State wages, tips, etc. 17 State inc \$	come tax
Wage and Tax 2001	Department of the Treasury-Internal Revenue Service
Form W-2 Statement	For Privacy Act and Paperwork Reduction

117

Cat. No. 10134D

Act Notice, see separate instructions

a Control	number	888	Official Use Only IB No. 1545-0008		
b Employ	ver Identification number 55-0198765	# void e.i.	.2	1 Wages, tips, other compensation \$ 46800.00	2 Federal income tax withheld \$ 9360.00
c Employ	er's name, address, and ZIP	code		3 Social security wages \$ 44400.00	4 Social security tax withheld \$ 2752.80
	WIREMASTERS COMPA 123 SMALL BUSINESS V			5 Medicare wages and tips \$ 44400.00	6 Medicare tax withheld \$ 643.80
	BALTIMORE, MD 21201			7 Social Security tips \$	8 Allocated tips \$
	ree's social security number 701-45-2367			9 Advance EIC payment \$	10 Dependent care benefits \$
e Employ	ee's first name and initial  GARTH V  1205 TOWER ST. BALTIMORE. MD 21201	Last name SMITH		11 Nonqualified plans  13 Statutory Retirement Third-party employee plan sick pay	12a See instructions for box 12  C d e J \$ 4200  12b C
	BALTIWONE, WID 21201			14 Other	12c
. ,	ee's address and Zip code				
15 State	Employer's state ID num	lber 16 State wages, tip \$ \$	os, etc. 17 State income	tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
	V	Nage and Tax	2001	Department of	the Treasury-Internal Revenue Service
Form	W-2	Statement		F	For Privacy Act and Paperwork Reduction Act Notice, see separate instructions
Conv A E	or Social Security Administra	ation	O-4 No 40404D		Act Notice, see separate instructions

## Active (MQGE/full-FICA)

Copy A For Social Security Administration

a Control	number		or Official Use Only MB No. 1545-0008					
b Employ	er Identification number			1 W	ages, tips, other compensation	2	Prederal income tax withheld	
	55-0198765			\$	20000.00	\$	4000.00	
c Employ	er's name, address, and i	ZIP code		3 So	cial security wages	4	4 Social security tax withheld	
				\$	20000.00	\$	1240.00	
	WIREMASTERS COM	PANY		5 Me	dicare wages and tips	(	6 Medicare tax withheld	
	123 SMALL BUSINES	S WAY		\$	20000.00	\$	290.00	
	BALTIMORE, MD 212	01		7 So	cial Security tips	8	8 Allocated tips	
				\$		\$	3	
d Employ	ee's social security numb	er		9 Ad	vance EIC payment	1	Dependent care benefits	
	666-90-7812			\$		\$	3	
e Employ	ee's first name and initial	Last name		11 No	onqualified plans	1 c	2a See instructions for box 12	
	TARA L	MASON		<b>~</b>		d	g.	
	911 BANK ST. BALTIMROE, MD 212 BALTIMROE, MD 212 BALTIMROE, MD 212	e		13		1 cctq 1 cctq	J <sub>S</sub> 2c 3 4 5 2d 5	
15 State	Employer's state ID n	umber 16 State wages, ti	ps, etc. 17 State income	tax	18 Local Wages, tips, etc.	19 L	ocal Income tax 20 Locality name	
 	. <u>I</u>							
		Wage and Tax	2001		Department of the	o Tro	easury-Internal Revenue Service	
	147.0		200.		•		•	
Form	W-2	Statement			Fo		vacy Act and Paperwork Reduction	
			Cat No. 10134D			Act I	Notice, see separate instructions	

Cat. No. 10134D

## Annual Mock-up, Form 941

## Form **941**

## **Employer's Quarterly Federal Tax Return**

(Rev. January 2001) Department of the Treasury Internal Revenue Service (O)

4141

See separate instructions for information on completing this form

Please type or print.

Enter sta code for in which deposits		T FF FD	o. 1545-	0029				
made Of		Trade name, if any		Employer identificat	ion number	FP I		
state in address				55-2345678		Т		
(see		Address (number and street)		City, state, and ZIP	code			
page 3 o		456 INSURANCE WAY		BALTIMORE, MD	21202			
If addres different from prio return, ch here	or	5 6 7 8 8 8 8		9 10 10 10 1	0 10 10 10 10	10 10		
-		eturns in the future, check here			ges paid			
-		oyer, see Seasonal employers on page 1 (except household) employed in the page 1				1	2	
2 Tota	l wages and tips, r	olus other compensation				2	10000	0 0
3 Tota	I income tax with	neld from wages, tips, and sick pay . d income tax for preceding quarters of				3	4760	0 0
5 Adju	isted total of incor	ne tax withheld (line 3 as adjusted by 1	ine 4 - see instructions	s)		5	4760	0 0
6 Taxa	ble social security	wages	6a \$ 22000 6c \$		(12.4%(.124) = (12.4%(.124) =	6b 6d	2728	0 0
7 Taxa	able Medicare wag	ges and tips	7a \$ 22000		(.029) =	7b	638	0 0
		nd Medicare taxes (add lines 6b, 6d, and security and/or Medicare tax				8	3366	0 0
9 Adju	istment of social s	ecurity and Medicare taxes (see instruc	ctions for required exp	lanation)	· 📙	0	3300	0 0
Sick	Pay \$ <u>2760.00</u> ±	Fractions of Cents \$al security and Medicare taxes (line 8 a	_ <u>+</u> Other \$	= =		9		0 0>
		5 and 10)				11	5366	0 0
	`	ne credit (EIC) payments made to emp						
13 Net	taxes (subtract lin	e 12 from line 11). This should equal 1	ine 17, column (d) bel	low				
		e B (Form 941))				. 13	5366	0 0
14 Tota	al deposits for qua	rter, including overpayment applied from	om a prior quarter			14	5366	0 0
15 Bala	ance due (subtract	line 14 from line 13). See instructions	3			15		
	erpayment, if line check if to be:	14 is more than line 13, enter excess he Applied to next return OR		\$ funded.				
0 S 0 N	Semiweekly sched Monthly schedule	B is less than \$500, you need not complute depositors: Complete Schedule B adepositors: Complete line 17, columns	and check here s (a) through (d) and c	heck here			[	
	nthly Summary of First month liabil	Federal Tax Liability. Do not completely (b) Second month liability	ete if you are a semiwe (c) Third month li		itor (d) Total liab	ility for	quarter	
(a)	. IISt Month indon	(o) second month hability	(c) Time month in		(a) Total liab	y 101	quui toi	
		perjury, I declare that I have examine knowledge and belief, it is true, correct		g accompanying sche	dules and stateme	ents, and		
Here	Vianatu			Print Your			Do4a	
	Signature erwork Reductio	on Act Notice, see page 1 of separat	te instructions	Name and Title Cat. No. 17001	Z Form	941 (	<b>Date</b> 1-2001	)

## SPI INSURANCE CO.'s W-3

a Control number	33333	For Official U	•							
		OMB No. 154	5-0008							
b 941	Military	943		1 Wages, tips, other compensation	Federal income tax withheld					
Kind				\$ 10000.00	\$ 2000.00					
ot	Hshid	Medicare	Third-party	3 Social security wages	4 Social security tax withheld					
Payer CT-1	emp	govt. emp.	sick pay							
				\$ 10000.00	\$ 620.00					
c Total number of forms W-2 d Establishment number		5 Medicare wages and tips	6 Medicare tax withheld							
1				\$ 10000.00	\$ 145.00					
e Employer identification nu	umber	•		7 Social security tips	8 Allocated tips					
55-2345678	8			\$	\$					
f Employer's name				9 Advance EIC payments	10 Dependent care benefits					
SPI INSUR	ANCE CO			\$	\$					
				11 Nonqualified plans	12 Deferred compensation					
456 INSUR	ANCE WAY	Y		\$	\$					
BALTIMOR	RE, MD 212	202		13 For Third-party sick pay use only						
				14 Income tax withheld by Third-party sick pay payer						
g Employer's address and 2	IP code			\$						
h Other EIN used this year										
15 State E	Employer's	state ID number	ſ	16 State wages, tips, etc.	17 State income tax					
l I				\$	\$					
				18 Local wages, tips, etc.	19 Local income tax					
				\$	\$					
Contact person				Telephone number	For Official Use Only					
Mary Jones				(777) 222-1111						
E-mail address				Fax number						
				(777) 222-3111						

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief they are true, correct, and complete

 Signature
 Title
 Date

 Form
 W-3 Transmittal of Wage and Tax Statements
 2001
 Department of the Treasury Internal Revenue Service

a Control	00000		al Use Only 1545-0008		
b Employe	er Identification number	222 Void   OMB No.	1545-0008	1 Wages, tips, other compensation	2 Federal income tax withheld
	55-2345678			\$ 10000.00	\$ 2000.00
c Employe	er's name, address, and ZIP code	•		3 Social security wages \$ 10000.00	4 Social security tax withheld \$ 620.00
	SPI INSURANCE CO			5 Medicare wages and tips	6 Medicare tax withheld
	456 INSURANCE WAY			\$ 10000.00	\$ 145.00
	BALTIMORE, MD 21202			7 Social Security tips \$	8 Allocated tips \$
d Employe	ee's social security number 666-90-7812			9 Advance EIC payment     \$	10 Dependent care benefits \$
e Employe	ee's first name and initial	Last name		11 Nonqualified plans	12a See instructions for box 12
	TARA L	MASON		÷	d e
	911 BANK SI BALTIMORE. MD 21224			13 Statutory Retirement Third-party employee plan sick pay	12b
. ,	ee's address and Zip code				
15 State	Employer's state ID number	16 State wages, tips, etc. \$	17 State income t	tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
	Wag	e and Tax	2001	Department of the	he Treasury-Internal Revenue Service
Form		ement		·	or Privacy Act and Paperwork Reduction
Copy A Fo	or Social Security Administration		Cat. No. 10134D		Act Notice, see separate instructions

## SPI INSURANCE CO.'s RECAP W-3

- · ·		00000	- O(C : 1					
a Control n	umber	33333	For Official	,				
			OMB No. 1	545-0008				
D	941	Military	943		1	vvages, tips, other compensation	4	2 Federal income tax withheld
Kind	X				\$	23000.00		\$ 2760.00
of		Hshld	Medicare	third-party	3	Social security wages	•	4 Social security tax withheld
Payer	CT-1	emp	govt. emp.	sick pay	\$	12000.00		\$ 744.00
c Total num	nber of forms	s W-2	d Establish	ment numbe	r 5	Medicare wages and tips		6 Medicare tax withheld
	1				\$	12000.00		\$ 174.00
e Employer	· identificatio	n number	•		7	Social security tips		8 Allocated tips
	55-2345678	3			\$	• •		\$
f Employer'	s name				9	Advance EIC payments		10 Dependent care benefits
. ,	SPI INSUR	RANCE CO	)		\$			\$
					11	Nonqualified plans		12 Deferred compensation
	456 INSUR	ANCE WA	Υ		\$			\$
	BALTIMOR	E, MD 212	202		13	For third-party sick pay use only		
		•				"Third Party Sick pay RI	ECA	AP"
					14	Income tax withheld by third-party		
g employer's	s address ar	nd ZIP code	е		\$	, , ,		1 31 3
h Other EIN	used this ye	ear						
	,							
15 State		Employer's	state ID nun	nber	16	S State wages, tips, etc.		17 State income tax
	I				\$			\$
					18	Local wages, tips, etc.		19 Local income tax
					\$	• • • •		\$
Contact per	son					Telephone number		For Official Use Only
Mary Jones					1	(777) 222-1111		,
E-mail addr						Fax number		
						(777) 222-3111		
Under penaltic	es of periury 1	declare that	I have examin	ed this return a	and	accompanying documents, and, to the be	st of	my knowledge and belie
they are true, correct, and complete						,		
-,,	,							

Signature Title Date

Transmittal of Wage and Tax Statements W-3

Form

2001 Department of the Treasury Internal Revenue Service

NOTE: Use only paper forms to file "RECAP" forms, do not use magnetic media.

The following is a "RECAP" Form W-2 prepared by SPI Insurance Co.

a Control number 22222 Void	For Official Use Only OMB No. 1545-0008		
b Employer Identification number	<del></del> :	1 Wages, tips, other compensation	2 Federal income tax withheld
55-2345678		\$ 23000.00	\$ 2760.00
c Employer's name, address, and ZIP code		3 Social security wages	4 Social security tax withheld
		\$ 12000.00	\$ 744.00
SPI INSURANCE COL		5 Medicare wages and tips	6 Medicare tax withheld
456 INSURANCE WAY		\$ 12000.00	\$ 174.00
BALTIMORE, MD 21202		7 Social Security tips \$	8 Allocated tips \$
d Employee's social security number		9 Advance EIC payment \$	10 Dependent care benefits \$
e Employee's first name and initial Last	name	11 Nonqualified plans	12a See instructions for box 12
"Third-Partv Sick-Pav RECAP"		-	C   O   d   S
f Employee's address and Zip code		13 Statutory Retirement Third-party employee plan sick pay  14 Other	12b
	tate wages, tips, etc. 17 State income	tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
s I			20 Edda i incomo tax
Wage and Ta	x 2001	Department of the	ne Treasury-Internal Revenue Service
Form W-2 Statement		·	or Privacy Act and Paperwork Reduction
Copy A For Social Security Administration	Cat. No. 10134D		Act Notice, see separate instructions

SPI prepared the "RECAP" Form W-2 above along with the RECAP Form W-3 (on the previous page) to show the amount of sick pay paid to employees of Wiremasters Company. Preparing these "RECAPS" provides a means of reconciling the wages shown on SPI's Form 941. Failure to file these "RECAP" forms contributes to the SSA/IRS reconciliation problem.

NOTE: Use only paper forms to file "RECAP" forms, do not use magnetic media.

## FORM W-2 COMMON ERRORS - CORRECT vs. INCORRECT REPORTING

A. Edward Eric McNamara was a full-FICA employee before his untimely death on November 15, 2001. Before his death, Edward received \$76,900 in wages. After death, Mr. McNamara was owed \$3,100 in accrued wages. Wiremasters paid Mr. McNamara's estate the accrued wages on November 30, 2001. **NOTE**: The after-death payment (\$3100) made to Mr. McNamara's estate **must be reported** in box 3 of the IRS Form 1099-Misc, Miscellaneous Income.

a Control number  For Official Use Only  22222 Void  OMB No. 1545-0008	
b Employer Identification number  55-0198765	1 Wages, tips, other compensation 2 Federal income tax withheld \$ 76,900.00 \$ 15380.00
c Employer's name, address, and ZIP code	3 Social security wages 4 Social security tax withheld \$ 4960.00
WIREMASTERS COMPANY 123 SMALL BUSINESS WAY	5 Medicare wages and tips 6 Medicare tax withheld \$ 80000.00 \$ 1160.00
BALTIMORE, MD 21201	7 Social Security tips 8 Allocated tips \$
d Employee's social security number 023-67-4589	9 Advance EIC payment 10 Dependent care benefits \$
e Employee's first name and initial Last name  EDWARD E McNAMARA	11 Nonqualified plans 12a See instructions for box 12 C d d
800 CLARK RD. SEVERN, MD 21144	13 Statutory Retirement Third-party employee plan sick pay c
	14 Other  12c  C C C C C C C C C C C C C C C C C C
f Employee's address and Zip code	
15 State Employer's state ID number 16 State wages, tips, etc. 17 State in \$	income tax 18 Local Wages, tips, etc. 19 Local Income tax 20 Locality name
Wage and Tax 200  Form W-2 Statement	
Form W-2 Statement Copy A For Social Security Administration	For Privacy Act and Paperwork Reduction Act Notice, see separate instructions

The following W-2 for Edward Eric McNamara is incorrect. Please review these common errors and the discussion of these errors below the W-2

a Control number    22222   Void   OMB No. 1545-0008
S5-0198765   \$ 80000.00   \$ 16000.00
c Employer's name, address, and ZIP code  WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201  d Employee's social security number 023-67-4589  3 Social security wages \$ 80000.00 \$ 4960.00 \$ 4960.00 \$ 6 Medicare tax withheld \$ 80000.00 \$ 1160.00 \$ 1160.00 \$ 8 Allocated tips \$ \$ \$
\$ 80000.00   \$ 4960.00
WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201  d Employee's social security number 023-67-4589  5 Medicare wages and tips 8 80000.00  7 Social Security tips 8 Allocated tips \$ \$ 4 Allocated tips \$ \$ 10 Dependent care benefits \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$
123 SMALL BUSINESS WAY       \$ 80000.00       \$ 1160.00         BALTIMORE, MD 21201       7 Social Security tips       8 Allocated tips         \$       \$         d Employee's social security number       9 Advance EIC payment       10 Dependent care benefits         023-67-4589       \$
BALTIMORE, MD 21201  7 Social Security tips \$ d Employee's social security number 023-67-4589  8 Allocated tips \$ 10 Dependent care benefits \$ \$
\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$
023-67-4589 \$
023-67-4589 \$
e Employee's first name and initial Last name 11 Nonqualified plans 12a See instructions for box 12
EDWARD E McNAMARA
13 Statutory Retirement Third-party 12b
800 CLARK RD. employee pian sick pay c SEVERN, MD 21144
SEVERN, MD 21144
14 Other 112c
Wages paid after death 3100.00
f Employee's address and Zip code
15 State Employer's state ID number 16 State wages, tips, etc. 17 State income tax 18 Local Wages, tips, etc. 19 Local Income tax 20 Locality name
S
Wage and Tax 2001 Department of the Treasury-Internal Revenue Service
Form W-2 Statement For Privacy Act and Paperwork Reduction

Copy A For Social Security Administration

The W-2 above is incorrect because the preparer included in Box 1, the \$3100 after death payment made to Mr. McNamara's estate. The preparer appropriately included the after death payment as social security and Medicare wages. Further, when an employee's estate is paid his/her accrued wages in the year of death, the payment should not be shown in Box 1 (Wages, tips and other compensation).

Act Notice, see separate instructions

B. Sandra Spencer is an employee subject to full-FICA. Mrs. Spencer's salary is \$50,000. She has elected to participate in Wiremasters' 401-(k) plan by making an annual contribution of 10 percent of her salary (\$5,000). Her unallocated tips equalled \$4,500. Her allocated tips were \$3,000.

a Control number	For Official Use Only OMB No. 1545-0008		
b Employer Identification number 55-0198765 c Employer's name, address, and ZIP code  WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201	3 \$	1 Wages, tips, other compensation 49500.00 3 Social security wages 50000.00 5 Medicare wages and tips 54500.00 C Social Security tips	2 Federal income tax withheld \$ 9900.00 4 Social security tax withheld \$ 3379.00 6 Medicare tax withheld \$ 790.25
d Employee's social security number 234-78-5690 e Employee's first name and initial  SANDRA  SPENCI	\$ ne 11	4500.00  Advance EIC payment  1 Nonqualified plans	\$ 3000.00  10 Dependent care benefits \$ 12a See instructions for box 12
420 SMITH AVE. BALTIMORE, MD 21201	<u>s</u>	3 Statutory Retirement Third-party employee plan sick pay  4 Other	E
f Employee's address and Zip code  15 State Employer's state ID number 16 State	wages, tips, etc. 17 State income tax	18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
Wage and Tax Form W-2 Statement	2001	Department of the	Treasury-Internal Revenue Service

The following W-2 for Sandra Spencer is incorrect. Please review these common errors and the discussion below the W-2.

- Ocatal acceptan		
a Control number For Official Use Only 22222 Void OMB No. 1545-0008		
b Employer Identification number	1 Wages, tips, other compensation	2 Federal income tax withheld
55-0198765	\$ 50000.00	\$ 10000.00
c Employer's name, address, and ZIP code	3 Social security wages	4 Social security tax withheld
	\$ 54500.00	\$ 4169.25
WIREMASTERS COMPANY	5 Medicare wages and tips	6 Medicare tax withheld
123 SMALL BUSINESS WAY	\$ 54500.00	\$
BALTIMORE, MD 21201	7 Social Security tips	8 Allocated tips
	\$ 4500.00	\$ 3000.00
d Employee's social security number	9 Advance EIC payment	10 Dependent care benefits
234-78-5690	\$	\$
e Employee's first name and initial Last name	11 Nonqualified plans	12a See instructions for box 12
SANDRA SPENCER		٥
SANDRA	ψ	d e D \$ 5000.00
	13 Statutory Retirement Third-party епіріоуее ріап sick рау	12b
420 SMITH AVE. BALTIMORE. MD 21201		C O
		o e s
	14 Other	12c
		C .
		n e s
		12d
		od -
f Employee's address and Zip code		<u> </u>
15 State Employer's state ID number 16 State wages, tips, etc. 17 State incom	ne tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
s		
5		
Wage and Tax 2001	Department of the	Treasury-Internal Revenue Service

W-2 Statement Form

Department of the Treasury-Internal Revenue Service

The W-2 above is incorrect because the preparer: 1) neglected to exclude the employee's contribution to the 401-(k) plan from box 1, Wages, tips and other compensation; 2) failed to apply the correct tax rate to taxable social security wages and tips (used combined social security and Medicare rate 7.65 percent); and 3) neglected to calculate any Medicare tax liability. The calculations are:

Box 1: \$50,000 - \$5,000 = \$45,000 + \$4,500 [box /] = \$49,500.

> Box 2: \$49,500. [box 1] x 20% = \$9,900. Box 4:  $($54,500 [box 3] \times 6.2\% = $3,379$ . Box 6: (\$50,000 [box 5] x 1.45% = \$790.25

C. Randolph Marano, a single parent, is a part-time employee of the Wiremasters Company. He elected to receive Advance Earned Income Credit (EIC) by properly completing Form W-5, EIC Advance Payment Certificate. He received \$624 in Advance EIC in 2001.

**		
a Control number For Official Use Only 22222 Void MR No. 1545-0008		
b Employer Identification number	1 Wages, tips, other compensation	2 Federal income tax withheld
I I		
55-0198765	\$ 12220.00	\$ 2440.00
c Employer's name, address, and ZIP code	3 Social security wages	4 Social security tax withheld
	\$ 12220.00	\$ 757.64
WIREMASTERS COMPANY	5 Medicare wages and tips	6 Medicare tax withheld
123 SMALL BUSINESS WAY	\$ 12220.00	\$ 177.19
BALTIMORE, MD 21201	7 Social Security tips	8 Allocated tips
	\$	\$
d Employee's social security number	Advance EIC payment	10 Dependent care benefits
345-89-6701	\$ 624.00	s
		12a See instructions for box 12
e Employee's first name and initial Last name	11 Nonqualified plans	12a See Instructions for box 12
		ig .
RANDOLPH MARANO	S	o e s
	13 Statutory Retirement Third-party	12b
123 MAPLE ST.	employee plan sick pay	c
BALTIMORE, MD 21201		o I
		d e s
	14 Other	12c
		<u>c</u>
		d e
	Wages paid after death 3100.00	12d
	wages paid after death 3100.00	120
		ig .
L		s s
f Employee's address and Zip code		
15 State Employer's state ID number 16 State wages, tips, etc. 17 State income	tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
l s		
3	10000	
Wage and Tax 2001 Form W-2 Statement	Department of the	ne Treasury-Internal Revenue Service
3		,
Form W-2 Statement  The following W-2 for Randolph Marano is incorrect. Please review these		,
Form W-2 Statement		,
Form W-2 Statement  The following W-2 for Randolph Marano is incorrect. Please review these		,
Form W-2 Statement  The following W-2 for Randolph Marano is incorrect. Please review these a Control number For Official Use Only OMB No. 1545-0008	common errors and the discussion be	elow the W-2
Form W-2 Statement  The following W-2 for Randolph Marano is incorrect. Please review these a Control number For Official Use Only OMB No. 1545-0008  b Employer Identification number	common errors and the discussion be	elow the W-2
The following W-2 for Randolph Marano is incorrect. Please review these a Control number	common errors and the discussion be  1 Wages, tips, other compensation \$ 12844.00	elow the W-2  2 Federal income tax withheld \$ 2568.80
Form W-2 Statement  The following W-2 for Randolph Marano is incorrect. Please review these a Control number For Official Use Only OMB No. 1545-0008  b Employer Identification number	common errors and the discussion be	elow the W-2
The following W-2 for Randolph Marano is incorrect. Please review these a Control number	common errors and the discussion be  1 Wages, tips, other compensation \$ 12844.00	elow the W-2  2 Federal income tax withheld \$ 2568.80
Form W-2 Statement  The following W-2 for Randolph Marano is incorrect. Please review these a Control number For Official Use Only 22222 Void MB No. 1545-0008 b Employer Identification number 55-0198765 c Employer's name, address, and ZIP code	1 Wages, tips, other compensation 1 2844.00 3 Social security wages 12844.00	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33
The following W-2 for Randolph Marano is incorrect. Please review these  a Control number For Official Use Only 22222 Void For Official Use Only 0MB No. 1545-0008  b Employer Identification number 55-0198765 c Employer's name, address, and ZIP code WIREMASTERS COMPANY	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld
The following W-2 for Randolph Marano is incorrect. Please review these  a Control number For Official Use Only 22222 Void DMB No. 1545-0008  b Employer Identification number 55-0198765 c Employer's name, address, and ZIP code WIREMASTERS COMPANY 123 SMALL BUSINESS WAY	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00	2 Federal income tax withheld \$ 2568.80  4 Social security tax withheld \$ 796.33  6 Medicare tax withheld \$ 186.24
The following W-2 for Randolph Marano is incorrect. Please review these  a Control number For Official Use Only 22222 Void For Official Use Only OMB No. 1545-0008  b Employer Identification number 55-0198765 c Employer's name, address, and ZIP code WIREMASTERS COMPANY	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld
The following W-2 for Randolph Marano is incorrect. Please review these  a Control number For Official Use Only 22222 Void DMB No. 1545-0008  b Employer Identification number 55-0198765 c Employer's name, address, and ZIP code WIREMASTERS COMPANY 123 SMALL BUSINESS WAY	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00	2 Federal income tax withheld \$ 2568.80  4 Social security tax withheld \$ 796.33  6 Medicare tax withheld \$ 186.24
The following W-2 for Randolph Marano is incorrect. Please review these  a Control number For Official Use Only 22222 Void DMB No. 1545-0008  b Employer Identification number 55-0198765 c Employer's name, address, and ZIP code WIREMASTERS COMPANY 123 SMALL BUSINESS WAY	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00	2 Federal income tax withheld \$ 2568.80  4 Social security tax withheld \$ 796.33  6 Medicare tax withheld \$ 186.24
The following W-2 for Randolph Marano is incorrect. Please review these  a Control number  b Employer Identification number  55-0198765  c Employer's name, address, and ZIP code  WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201  d Employee's social security number	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 9 Advance EIC payment	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld \$ 186.24 8 Allocated tips \$
The following W-2 for Randolph Marano is incorrect. Please review these  a Control number  b Employer Identification number  55-0198765  c Employer's name, address, and ZIP code  WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201  d Employee's social security number 023-67-4589	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 9 Advance EIC payment \$ 624.00	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld \$ 186.24 8 Allocated tips \$
The following W-2 for Randolph Marano is incorrect. Please review these  a Control number  b Employer Identification number  55-0198765  c Employer's name, address, and ZIP code  WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201  d Employee's social security number	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 9 Advance EIC payment	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld \$ 186.24 8 Allocated tips \$
The following W-2 for Randolph Marano is incorrect. Please review these  a Control number	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 9 Advance EIC payment \$ 624.00	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld \$ 186.24 8 Allocated tips \$ 10 Dependent care benefits \$
The following W-2 for Randolph Marano is incorrect. Please review these  a Control number  b Employer Identification number 55-0198765  c Employer's name, address, and ZIP code  WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201  d Employee's social security number 023-67-4589  e Employee's first name and initial  RANDOLPH  MARANO	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 9 Advance EIC payment \$ 624.00	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld \$ 186.24 8 Allocated tips \$
The following W-2 for Randolph Marano is incorrect. Please review these  a Control number	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 9 Advance EIC payment \$ 624.00 11 Nonqualified plans	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld \$ 186.24 8 Allocated tips \$ 10 Dependent care benefits \$ 12a See instructions for box 12
The following W-2 for Randolph Marano is incorrect. Please review these  a Control number  b Employer Identification number  55-0198765  c Employer's name, address, and ZIP code  WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201  d Employee's social security number  023-67-4589  e Employee's first name and initial  RANDOLPH  MARANO	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 9 Advance EIC payment \$ 624.00 11 Nonqualified plans	2 Federal income tax withheld \$ 2568.80  4 Social security tax withheld \$ 796.33  6 Medicare tax withheld \$ 186.24  8 Allocated tips \$ 10 Dependent care benefits \$ 12a See instructions for box 12
The following W-2 for Randolph Marano is incorrect. Please review these a Control number b Employer Identification number 55-0198765 c Employer's name, address, and ZIP code WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201 d Employee's social security number 023-67-4589 e Employee's first name and initial RANDOLPH MARANO  123 MAPLE ST.	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 9 Advance EIC payment \$ 624.00 11 Nonqualified plans	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld \$ 186.24 8 Allocated tips \$ 10 Dependent care benefits \$ 12a See instructions for box 12 c c d d 12b c
The following W-2 for Randolph Marano is incorrect. Please review these  a Control number  b Employer Identification number  55-0198765  c Employer's name, address, and ZIP code  WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201  d Employee's social security number  023-67-4589  e Employee's first name and initial  RANDOLPH  MARANO	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 9 Advance EIC payment \$ 624.00 11 Nonqualified plans	2 Federal income tax withheld \$ 2568.80  4 Social security tax withheld \$ 796.33  6 Medicare tax withheld \$ 186.24  8 Allocated tips \$ 10 Dependent care benefits \$ 12a See instructions for box 12
The following W-2 for Randolph Marano is incorrect. Please review these a Control number b Employer Identification number 55-0198765 c Employer's name, address, and ZIP code WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201 d Employee's social security number 023-67-4589 e Employee's first name and initial RANDOLPH MARANO  123 MAPLE ST.	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 624.00 11 Nonqualified plans	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld \$ 186.24 8 Allocated tips \$ 10 Dependent care benefits \$ 12a See instructions for box 12 c d d 12b c 0 d 12b c
The following W-2 for Randolph Marano is incorrect. Please review these a Control number b Employer Identification number 55-0198765 c Employer's name, address, and ZIP code WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201 d Employee's social security number 023-67-4589 e Employee's first name and initial RANDOLPH MARANO  123 MAPLE ST.	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 9 Advance EIC payment \$ 624.00 11 Nonqualified plans	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld \$ 186.24 8 Allocated tips \$ 10 Dependent care benefits \$ 12a See instructions for box 12 c d d 12b c 0 12b c 0 112c
The following W-2 for Randolph Marano is incorrect. Please review these a Control number b Employer Identification number 55-0198765 c Employer's name, address, and ZIP code WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201 d Employee's social security number 023-67-4589 e Employee's first name and initial RANDOLPH MARANO  123 MAPLE ST.	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 624.00 11 Nonqualified plans	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld \$ 186.24 8 Allocated tips \$ 10 Dependent care benefits \$ 12a See instructions for box 12 c d d 12b c 0 12b c 0 112c
The following W-2 for Randolph Marano is incorrect. Please review these a Control number b Employer Identification number 55-0198765 c Employer's name, address, and ZIP code WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201 d Employee's social security number 023-67-4589 e Employee's first name and initial RANDOLPH MARANO  123 MAPLE ST.	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 9 Advance EIC payment \$ 624.00 11 Nonqualified plans	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld \$ 186.24 8 Allocated tips \$ 10 Dependent care benefits \$ 12a See instructions for box 12 c c d d 12b c c d 12c c c d 12c c c d 12c c c d 12c c
The following W-2 for Randolph Marano is incorrect. Please review these a Control number b Employer Identification number 55-0198765 c Employer's name, address, and ZIP code WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201 d Employee's social security number 023-67-4589 e Employee's first name and initial RANDOLPH MARANO  123 MAPLE ST.	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 624.00 11 Nonqualified plans	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld \$ 186.24 8 Allocated tips \$ 10 Dependent care benefits \$ 12a See instructions for box 12 c d d 12b c 0 12b c 0 112c
The following W-2 for Randolph Marano is incorrect. Please review these a Control number b Employer Identification number 55-0198765 c Employer's name, address, and ZIP code WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201 d Employee's social security number 023-67-4589 e Employee's first name and initial RANDOLPH MARANO  123 MAPLE ST.	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 9 Advance EIC payment \$ 624.00 11 Nonqualified plans	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld \$ 186.24 8 Allocated tips \$ 10 Dependent care benefits \$ 12a See instructions for box 12 c d d 12b c 0 1 12c c 0 1 12c c 0 1 12c c 0 1 12d
The following W-2 for Randolph Marano is incorrect. Please review these a Control number b Employer Identification number 55-0198765 c Employer's name, address, and ZIP code WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201 d Employee's social security number 023-67-4589 e Employee's first name and initial RANDOLPH MARANO  123 MAPLE ST.	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 9 Advance EIC payment \$ 624.00 11 Nonqualified plans	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld \$ 186.24 8 Allocated tips \$ 10 Dependent care benefits \$ 12a See instructions for box 12 c c d d 12b c c d 12c c c d 12c c c d 12c c c d 12c c
The following W-2 for Randolph Marano is incorrect. Please review these  a Control number	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 9 Advance EIC payment \$ 624.00 11 Nonqualified plans	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld \$ 186.24 8 Allocated tips \$ 10 Dependent care benefits \$ 12a See instructions for box 12 c d d 12b c 0 1 12c c 0 1 12c c 0 1 12c c 0 1 12d
The following W-2 for Randolph Marano is incorrect. Please review these  a Control number	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 624.00 11 Nonqualified plans  13 Statutory Retirement Third-party employee plan sick pay	2 Federal income tax withheld \$ 2568.80  4 Social security tax withheld \$ 796.33  6 Medicare tax withheld \$ 186.24  8 Allocated tips \$ 10 Dependent care benefits \$ 12a See instructions for box 12  c d d 12b c 0 d 12b c 0 d 12c c 0 d 12c c 0 d 12d
The following W-2 for Randolph Marano is incorrect. Please review these  a Control number	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 624.00 11 Nonqualified plans  13 Statutory Retirement Third-party employee plan sick pay	2 Federal income tax withheld \$ 2568.80 4 Social security tax withheld \$ 796.33 6 Medicare tax withheld \$ 186.24 8 Allocated tips \$ 10 Dependent care benefits \$ 12a See instructions for box 12 c d d 12b c 0 1 12c c 0 1 12c c 0 1 12c c 0 1 12d
The following W-2 for Randolph Marano is incorrect. Please review these  a Control number	1 Wages, tips, other compensation \$ 12844.00 3 Social security wages \$ 12844.00 5 Medicare wages and tips \$ 12844.00 7 Social Security tips \$ 624.00 11 Nonqualified plans  13 Statutory Retirement Third-party employee plan sick pay	2 Federal income tax withheld \$ 2568.80  4 Social security tax withheld \$ 796.33  6 Medicare tax withheld \$ 186.24  8 Allocated tips \$  10 Dependent care benefits \$  12a See instructions for box 12  c d d 12b c 0 d 12c c 0 d 12c c 0 d 12d c 0 d 1

In this example, the preparer erroneously considered the \$624 Advance EIC payment wages and included it in boxes 1, 3 and 5 and withheld the appropriate income, social security and Medicare taxes. However, Advance EIC payments are not wages and are not subject to withholding of income, or Medicare taxes. Advance EIC payment amounts **should only be shown in box 9**, **Advance EIC payment**.

Wage and Tax

Statement

W-2

Form

2001

Department of the Treasury-Internal Revenue Service

D. Junghee Kim is an employee subject to full-FICA. Her W-2 below is voided because the preparer transposed the social security and Medicare wage amounts and after doing that, withheld the appropriate tax rate on the transposed amounts. The amount of social security and Medicare wages was actually \$52,000. Please review the discussion below the Form W-2.

a Control number For Official Use Only 22222 Void OMB No. 1545-0008	
b Employer Identification number 55-0198765	1 Wages, tips, other compensation 2 Federal income tax withheld \$ 52000.00 \$ 10400.00
c Employer's name, address, and ZIP code	3 Social security wages 4 Social security tax withheld \$ 25000.00 \$ 1550.00
WIREMASTERS COMPANY 123 SMALL BUSINESS WAY BALTIMORE, MD 21201	5 Medicare wages and tips \$ 25000.00 \$ 362.50  7 Social Security tips 8 Allocated tips
d Employee's social security number	\$ \$ 9 Advance EIC payment 10 Dependent care benefits
567-01-8923 e Employee's first name and initial Last name JUNGHEE KIM	\$ 11 Nonqualified plans 12a See instructions for box 12
567 EASTERN AVE. BALTIMORE, MD 21201  f Employee's address and Zip code	13 Statutory Retirement Third-party emplovee plan sick pav  14 Other  12c  12c  12d  12d  12d  12d
15 State Employer's state ID number 16 State wages, tips, etc. 17 State \$	te income tax
Wage and Tax 200 Form W-2 Statement	Department of the Treasury-Internal Revenue Service
The "Void" box was checked on the Form W-2 above because an err	rror was made and the preparer completed a new Form W-2 (below).

The amounts shown on the "Void" form above **should not** be included in the totals entered on Wiremasters' Form W-3.

- Ocated average and the control of	
a Control number For Official Use Only 22222 Void MB No. 1545-0008	
b Employer Identification number	1 Wages, tips, other compensation 2 Federal income tax withheld
55-0198765	\$ 52000.00 \$ 10400.00
c Employer's name, address, and ZIP code	3 Social security wages 4 Social security tax withheld
	\$ 52000.00 \$ 3224.00
WIREMASTERS COMPANY	5 Medicare wages and tips 6 Medicare tax withheld
123 SMALL BUSINESS WAY	\$ 52000.00 \$ 754.00
BALTIMORE, MD 21201	7 Social Security tips 8 Allocated tips
d Employee's social security number	9 Advance EIC payment 10 Dependent care benefits
567-01-8923	
e Employee's first name and initial Last name	11 Nonqualified plans 12a See instructions for box 12
	C C
JUNGHEE KIM	d g
	13 Statutory Retirement Third-party 12b
567 EASTERN AVE.	епіріоуее ріап ѕіск рау
BALTIMORE, MD 21201	
	14 Other 12c
	C C
	الم الم
	12d
	[ ] c
	la la
f Employee's address and Zip code	
15 State Employer's state ID number 16 State wages, tips, etc. 17 State income	e tax 18 Local Wages, tips, etc. 19 Local Income tax 20 Locality name
\$	
\$	
Wage and Tax 2001	Department of the Treasury-Internal Revenue Service
	Department of the Heastry-Internal Revenue Service
Form W-2 Statement	

The form W-2 above is correct and all the amounts from this Form W-2 should be included in Wiremasters' W-3 totals.

E. Garth V. Smith, an employee of Wiremasters Company, was seriously injured in a car accident (not job-related) on May 2, 2001. His last work day was May 1, 2001. He began receiving sick pay from Wiremasters on June 2, 2001. For the 3 policy years before 2001, Wiremasters paid 80 percent of the sick plan's policy cost while Smith paid 20 percent. Smith's wages were \$30,000 in 2001. He received sick pay of \$3 .000 per month during his 7 month absence. Smith returned to work on January 4, 2002 or Official Use Only OMB No. 1545-0008 b Employer Identification number 1 Wages, tips, other compensation Federal income tax withheld 55-0198765 46800.00 9460.00 c Employer's name, address, and ZIP code 4 Social security tax withheld wages 44400.00 2752.80 WIREMASTERS COMPANY 5 Medicare wages and tips 6 Medicare tax withheld 123 SMALL BUSINESS WAY 44400.00 643.80 BALTIMORE, MD 21201 Allocated tips d Employee's social security number 9 Advance EIC payment 10 Dependent care benefits 701-45-2367 11 Nonqualified plans Employee's first name and initia Last name 12a See instructions for box 12 GARTH V SMITH Statutory Retirement Third-party 12b 1205 TOWER ST. BALTIMORE MD 21201 employee nlan sick pay 14 Other 12c 12d Employee's address and Zip code 15 State Employer's state ID number 16 State wages, tips, etc. State income tax 18 Local Wages, tips, etc. 20 Locality name 19 Local Income tax 2001 Wage and Tax Department of the Treasury-Internal Revenue Service Statement W-2 Form The following W-2 for Garth Smith is incorrect. Please review the errors and the discussion below the W-2 a Control number For Official Use Only OMB No. 1545-0008 22222 Void b Employer Identification number Wages, tips, other compensation Federal income tax withheld 55-0198765 51000.00 9360.00 c Employer's name, address, and ZIP code 3 Social security wages 4 Social security tax withheld 51000.00 3162.00 WIREMASTERS COMPANY Medicare wages and tips Medicare tax withheld 123 SMALL BUSINESS WAY 51000.00 739.50 BALTIMORE, MD 21201 7 Social Security tips 8 Allocated tips Advance EIC payment Dependent care benefits 701-45-2367 11 Nongualified plans Employee's first name and initial Last name 12a See instructions for box 12 GARTH V SMITH Statutory Retirement Third-party 12b 1205 TOWER ST. BALTIMORE, MD 21201 employee plan sick pay 14 Other 12c 12d Employee's address and Zip code 15 State 18 Local Wages, tips, etc. Employer's state ID number 16 State wages, tips, etc State income tax

The W-2 above is incorrect because the preparer included the 20% which Garth contirbuted to the sick pay plan in Boxes 1,3 and 5 and withheld the appropriate taxes. The only amount of sick pay that is subject to Federal income tax withholding is \$16,800 (\$21,000 x 80%). Payments attributable to employee contributions (in this case \$4200 (\$21,000 x .20)) are not subject to income tax withholding. Also, social security and Medicare taxes do not apply to sick pay paid more than 6 months after the last calendar month in which the employee worked. Because the sick plan is contributory and Smith's after tax contribution is 20%. that 20% is not subject to social security and Medicare taxes. The amount of wages subject to social security and Medicare taxes is \$3,000 x 6(months)=\$18,000--\$18,000 - 20%=\$14,400.

Wage and Tax

Statement

W-2

Form

2001

Department of the Treasury-Internal Revenue Service

F. Tara L. Mason is an employee subject to full-FICA. In TY 2001 she was absent from work because of an illness. She received sick pay from SPI Insurance Co. (EIN 55-2345678), an agent for Wiremasters. Wiremasters and SPI have entered into an agreement that makes SPI responsible for employment taxes. Therefore, Liability was not transferred to the employer, Wiremasters. SPI paid Ms. Mason \$10,000 in sick pay during her absence in TY 2001. Ms Mason did not contribute to Wiremasters' sick pay plan. Ms. Mason's employment wages were \$20,000.

The following Form W-2 was prepared by Wiremasters Company to report Tara L. Mason's wages for 2001.

a Control number For Official Use Only	
22222 Void OMB No. 1545-0008	
b Employer Identification number	1 Wages, tips, other compensation 2 Federal income tax withheld
55-0198765	\$ 20000.00 \$ 4000.00
c Employer's name, address, and ZIP code	3 Social security wages 4 Social security tax withheld
	\$ 20000.00 \$ 1240.00
WIREMASTERS COMPANY	5 Medicare wages and tips 6 Medicare tax withheld
123 SMALL BUSINESS WAY	\$ 20000.00 \$ 290.00
BALTIMORE, MD 21201	7 Social Security tips 8 Allocated tips
	<b>  \$</b>
d Employee's social security number	9 Advance EIC payment 10 Dependent care benefits
666-90-7812	
e Employee's first name and initial Last name	11 Nonqualified plans 12a See instructions for box 12
	i C
TARA L MASON	s d e s
	13 Statutory Retirement Third-party 12b
911 BANK ST BALTIMORE, MD 21224	employee plan sick pay
B/LETIMONE, MB 21224	
	14 Other 12c
	O C
	g s
	12d
	l C C
f Employee's address and Zip code	
	e income tax 18 Local Wages, tips, etc. 19 Local Income tax 20 Locality name
I State I Stat	To Edda Modific tax 25 Edda Modific tax
<b>b</b>	
Wage and Tax 200	Department of the Treasury-Internal Revenue Service
Form W-2 Statement	

The following Form W-2 was prepared by SPI Insurance Co. to report sick pay paid to Ms. Mason

a Control number		
a Control number For Official Use Only 22222 Void OMB No. 1545-0008	•	
b Employer Identification number	1 Wages, tips, other compensation	2 Federal income tax withheld
55-2345678	\$ 10000.00	\$ 2000.00
c Employer's name, address, and ZIP code	3 Social security wages	4 Social security tax withheld
	\$ 10000.00	\$ 620.00
SPI INSURANCE CO.	5 Medicare wages and tips	6 Medicare tax withheld
456 INSURANCE WAY	\$ 10000.00	\$ 145.00
BALTIMORE, MD 21202	7 Social Security tips	8 Allocated tips
	\$	\$
d Employee's social security number	Advance EIC payment	10 Dependent care benefits
666-90-7812	\$	\$
e Employee's first name and initial Last name	11 Nonqualified plans	12a See instructions for box 12
		C O
TARA L MASON	<b>c</b>	d s
	13 Statutory Retirement Third-party	12b
911 BANK ST. BALTIMORE, MD 21224	employee plan sick pay	C
BALTIMORE, MD 21224		0 0
	14 Other	12c
		Ç
		0 1 2
		12d
		C
		id e
f Employee's address and Zip code		
15 State Employer's state ID number 16 State wages, tips, etc. 17 S	tate income tax 18 Local Wages, tips, etc. 19	Local Income tax 20 Locality name
\$		
\$		
Wage and Tax 2	2001 Department of the T	reasury-Internal Revenue Service
	Department of the 1	readuly-internal revenue del vice
Form W-2 Statement		

The following Form W-2 is incorrect. Please review the errors and the discussion of these errors below the W-2

a Control	number	_	For Official Use Only				
		22222 Void	OMB No. 1545-0008				
b Employ	er Identification number				Wages, tips, other compensation	2	Federal income tax withheld
	55-2345678				\$ 30000.00	\$	2000.00
c Employ	er's name, address, and 2	ZIP code			3 Social security wages	4	Social security tax withheld
					\$ 30000.00	\$	620.00
	SPI INSURANCE CO.				5 Medicare wages and tips	6	Medicare tax withheld
	456 INSURANCE WAY	,			\$ 30000.00	\$	145.00
	BALTIMORE, MD 2120	12			7 Social Security tips	8	Allocated tips
					\$	\$	
d Employ	ee's social security numb	er			9 Advance EIC payment	10	Dependent care benefits
	666-90-7812				\$	\$	
e Employ	ee's first name and initial	Last name			11 Nonqualified plans	12	2a See instructions for box 12
	TARA L	MASON				ŭ	1
					13 Statutory Retirement Third-party	12	Pb P
					employee plan sick pay	C	
	911 BANK ST. BALTIMORE, MD 212	24				u e	l <sub>a</sub>
					14 Other	12	CC C
						U	
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						e	Ф
						12	2d
						C	
						u	1
						е	Φ
. ,	ee's address and Zip code						
15 State	Employer's state ID no	umber 16 State wag	jes, tips, etc. 17 State incor	ne t	ax 18 Local Wages, tips, etc.	19 Lo	ocal Income tax 20 Locality name
<u> </u>		\$					
		\$					
		Wage and Tax	2001		Department of	the Trea	sury-Internal Revenue Service
Form	W-2	Statement			F	or Priva	cy Act and Paperwork Reduction
						Act No	otice, see separate instructions
Copy A Fo	Copy A For Social Security Administration Cat. No. 10134D						

The W-2 above is incorrect because SPI's preparer erroneously included Mason's employment wages on SPI's W-2. Because of the arrangemen made between SPI and Wiremasters, SPI was responsible only for reporting sick pay wages and related taxes. Wiremasters was responsible for reporting Mason's employment wages and related taxes withheld

G. Josie Schaeffer is an employee subject to full-FICA. She was gainfully employed as an administrative assistant until may 30, 2001 when she was injured in an automobile accident. From June 1 until the end of the tax year, Mrs. Schaeffer received sick pay from SPI Insurance Co. (55-2345678). SPI insurance Co. did nodat pay Wiremasters' portion of FICA nor did it assume responsibility for reporating sick pay wades. Mrs. Schaeffer's wades were \$19206. Wiremasters is responsible for issuing the following Form W-2 to Mrs. Schaeffer. The following annual benefit notification was issued to Wiremasters Company on January 14, 2002:

SPI Insurance Company	
Statement of Benefit Payments for Josie Schaeffer (456-90-781	12)
Tax Year 2001	
Portion of benefit plan funded by employer	60 percent
Benfit payments received (first 6 months)	\$20,000.00
Remaining payments received for tax year 2001	\$3,000.00

Copy A For Social Security Administration

a Control	number				For Official	,							
		22222	Void		OMB No. 1	545-0008							
b Employe	er Identification number								1 Wages, tips, other compensation	n	2	2 Federal income tax	
	55-0198765							\$	33006.00		\$ 6601.20		
c Employe	er's name, address, and 2	ZIP code						3	Social security wages		4 Social security tax withheld		
								\$	31206.00		\$	è	1934.77
	WIREMASTERS COM	PANY						5	Medicare wages and tips		(	6 Medicare tax withh	neld
	123 SMALL BUSINESS	S WAY						\$	31206.00		\$	\$	452.49
	BALTIMORE, MD 212	01						7	Social Security tips			8 Allocated tips	
								\$			\$	\$	
d Employe	ee's social security numb	er						ç	Advance EIC payment		1	10 Dependent care b	enefits
' '	456-90-7812							\$	. ,		2	B	
e Employe	ee's first name and initial		Last nan	ne				1	1 Nonqualified plans		1	12a See instructions f	for box 12
											С	3	
	JOSIE		SCHAE	FFFR							d	) 1 I	
								\$	3 Statutory Retirement	Thind a sate	е	e J S	\$ 9200.00
	901 AIRY WAY							ľ		Third-party sick pay	1	12b	
	BALTIMORE, MD 212	01								SICK DAY	0	,	
	·										d	1	c .
								1	4 Other		1	12c	3
											С	3	
											d	) 1 I	
									SK PAY-SPI Ins. Co.		ē		\$
									SK FAT-SFI IIIS. CO.		333333	12d	
											c o d	<u>,</u>	
											a	1 .	s
f Employe	e's address and Zip code	е											
15 State	Employer's state ID no	umber	16 State	e wage:	s, tips, etc.	17 State in	come ta	ах	18 Local Wages, tips, etc.		19 L	Local Income tax	20 Locality name
	1		\$										
	1		ç			***************************************		••••			•••••		
	1	101	. <del>.</del>			200	4				—		
		Wage a				200	I			Department of the	Tre	easury-Internal Revenu	ie Service
Form	W-2	Stateme	nt							For	Priv	vacy Act and Paperwor	rk Reduction
	<b>-</b>										Act I	Notice, see separate in	nstructions

132

The following Form W-2 is incorrect. Please review these common errors and the discussion of these errors below the W-2.

a Control		100000		For Official Use Only								
a Control	number	00000	V-:	OMB No. 1545-0008								
b		22222	Void	OIVID INO. 1343-0006	10000	4 10/		denting and the state of the st				
b Employ	er Identification numb	er				1 Wages, tips, other compensation	2 F6	ederal income tax withheld				
	55-0198765					\$ 42206.00	\$	8441.20				
c Employ	er's name, address, a	ind ZIP code				3 Social security wages	4 S	Social security tax withheld				
						\$ 42206.00	\$	2616.77				
	WIREMASTERS C					5 Medicare wages and tips	6 N	Medicare tax withheld				
	123 EDUCATION V					\$ 42206.00	\$	611.99				
	BALTIMORE, MD	21201				7 Social Security tips	8 A	Illocated tips				
						\$	\$					
d Employ	ee's social security nu	umber				9 Advance EIC payment	10 [	Dependent care benefits				
	456-90-7812					\$	\$					
e Employ	ee's first name and in	itial	Last name			11 Nonqualified plans	12a	See instructions for box 12				
	JOSIE		SCHAEFFER				С					
	JUSIE		SCHAEFFER				o d e	1				
						\$ 13 Statutory Retirement Third-pa	rty 12b					
	901 AIRY WAY					employee plan sick pay	1120					
	BALTIMORE, MD	21201				Chiployee plan sick pay	o					
							d e	¢				
						14 Other	12c					
							c					
							o d e	1				
							e 12d	\$				
							120					
							d					
							a e	\$				
f Employ	ee's address and Zip	code					7///					
15 State	Employer's state I	D number	16 State wag	es, tips, etc. 17 State	income ta	x 18 Local Wages, tips, etc.	19 Loca	al Income tax 20 Locality name				
	I		\$									
	<del></del>		¢									
		101	Ψ • <b>–</b>	200	<u>Λ</u>							
		Wage an	d lax	20	UΊ	Departme	ent of the Tre	asury-Internal Revenue Service				
Form	W-2	Statemer	nt				For Privacy	Act and Paperwork Reduction				
							,	ce, see separate instructions				
Copy A For Social Security Administration Cat. No. 10134D					4D							

The W-2 above is incorrect because the preparer failed to recognize 1) that only sick payments received in the first 6 months are FICA taxable. and 2) only the percentage of sick payments paid by Wiremasters are FICA taxable. As a result of including sick pay in taxable wages, the preparer failed to show the Employee's contributory part (40%) in Box 12. The correct calculations are below:

Social Security/Medicare wages (Wages paid [19.206]) + (60% of Sick Payments received in first 6 months [.6 X \$20.000]) = \$31.206

Social Security Tax Withheld (Social Security Wages [box 3, \$31,206]) X 6.2% = \$1,934.77

Medicare Tax Withheld (Medicare Wages [box 5, \$31,206]) X 1.45% = \$452.49

Wages, Tips, Other Compensation (Wages paid [\$19,206]) + (60% of Sick Payments received [.6 X \$23,000]) = \$33,006

## Box 13 (Code J)

40% X Sick Payments received (\$23,000) = \$9,200.00

H. Dominique D. Johnson is an employee subject to full-FICA. Her 2001 wages were \$77,000. Johnson's insurance coverage is \$200,000. She is 45 years old and pays \$174 per year for her coverage. The calculated benefit amount SIMPLE retirement account that is part of her 401-(k) arrangement. Johnson took business trips for which she received a substantiated total per diem allowance of \$350. Johnson also received \$150 in taxable fringe benefits.

a Control number	For Official Use Only Void OMB No. 1545-0008		
b Employer Identification number	Void	1 Wages, tips, other compensation	2 Federal income tax withheld
55-0198765		\$ 70672.00	\$ 14030.00
c Employer's name, address, and ZIP code		3 Social security wages	4 Social security tax withheld
		\$ 77672.00	\$ 4815.66
WIREMASTERS COMPANY		5 Medicare wages and tips	6 Medicare tax withheld
123 SMALL BUSINESS WAY		\$ 77672.00	\$ 1126.24
BALTIMORE, MD 21201		7 Social Security tips	8 Allocated tips
d Employee's social security number		9 Advance EIC payment	10 Dependent care benefits
719-50-3210		\$	\$
e Employee's first name and initial	Last name	11 Nonqualified plans	12a See instructions for box 12
			c .
DOMINIQUE D	JOHNSON	s	e C \$ 522.00
		13 Statutory Retirement Third-party	12b
650 HOPE RD. BALTIMORE, MD 21202		employee plan sick pay	C O I
			e D \$ 7000.00
		14 Other	12c
			ii
			<u>ë L <b>I</b>\$ 350.00</u>
			0
			ū
f Employee's address and Zip code  15 State Employer's state ID number	16 State wages, tips, etc. 17 State incor	me tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
13 State Employer's state in humber	\$	Tie tax To Local Wages, tips, etc.	20 Local Income tax
	e		
	ind Tax <b>2001</b>		
Wage a		Department of the	e Treasury-Internal Revenue Service
Form W-2 Statement	ent	Fo	r Privacy Act and Paperwork Reduction
			Act Notice, see separate instructions
The following W-2 for Dominique D.	Johnson is incorrect. Please review	these errors and the discussion below t	the W-2
a Control number	For Official Use Only		
22222	Void OMB No. 1545-0008	*****	******
b Employer Identification number 55-0198765		1 Wages, tips, other compensation \$ 77672.00	2 Federal income tax withheld \$ 15534.40
c Employer's name, address, and ZIP code		3 Social security wages	4 Social security tax withheld
		\$ 77672.00	\$ 4815.66
WIREMASTERS COMPANY		5 Medicare wages and tips	6 Medicare tax withheld
123 SMALL BUSINESS WAY		\$ 77672.00	\$ 1126.24
BALTIMORE, MD 21201		7 Social Security tips	8 Allocated tips
d Employee's social security number		9 Advance EIC payment	10 Dependent care benefits
719-50-3210		\$	\$
e Employee's first name and initial	Last name	11 Nonqualified plans	12a See instructions for box 12
DOMINIOUS D	IOLINGON		C c
DOMINIQUE D	JOHNSON	s	e C \$ 522.00
OF A HORE DD		13 Statutory Retirement Third-party	12b
650 HOPE RD. BALTIMORE, MD 21202		employee plan sick pay	C 0
			e D \$ 7000.00
		14 Other	12c
			C C
			e L \$ 350.00 12d
			C
			OC S
f Employee's address and Zip code			
15 State Employer's state ID number	16 State wages, tips, etc. 17 State incor	me tax 18 Local Wages, tips, etc.	19 Local Income tax 20 Locality name
ļ	, s		
	\$		
Wage a	and Tax <b>2001</b>	Department of th	e Treasury-Internal Revenue Service
Form W-2 Stateme			r Privacy Act and Paperwork Reduction

The W-2 above is incorrect because the preparer included Johnson's contribution to her SIMPLE retirement account as wages and withheld income tax on the GTLI over \$50,000.

Act Notice, see separate instructions

## **EXHIBITS: PAYROLL REGISTER DATA TABLES**

The following exhibits are data tables of information from Wiremasters' payroll register. This information provides the base data for the case scenario. Wiremasters employs individuals who earn wages and tips subject to the 6.2 percent Social Security tax and 1.45 percent Medicare tax (full-FICA employees).

Wiremasters EIN is 55-0198765. The information in Exhibit 4 below contains summary employee information from Wiremasters' payroll register. In addition, Exhibit 5 (pages 137 through 140) illustrates wage and tax data for Wiremasters on a quarterly basis and Exhibit 6 (page 141) summarizes Wiremasters' payroll on an annual basis.

Exhibit 4
Summary Employee Information
Wiremasters

Name (first, middle, last)	Name as shown on Social Security Card and Cabot Cove Payroll Register	SSN
Edward Eric McNamara	Edward E. McNamara	023-67-4589
Sandra Spencer	Sandra Spencer	234-78-5690
Randolph Marano	Randolph Marano	345-89-6701
Junghee Kim	Junghee Kim	567-01-8923
Josie Schaeffer	Josie Schaeffer	456-90-7812
Garth Vance Smith	Garth V. Smith	701-45-2367
Tara Lena Mason	Tara L. Mason	666-90-7812
Dominique Dana Johnson	Dominique D. Johnson	719-50-3210

## FIRST QUARTER EMPLOYEE PAYROLL DATA WIREMASTER COMPANY PAYROLL REGISTER

EXHIBIT 5-1

			Un-		Taxable	FICA	Total	Fed. Income	Social	Security	Medio	care
Employee's Name and SSN	Employment Type/Status	Regular Wages	allocated Tips	Misc. Wages	Misc. Wages	Misc. Wages	Taxable Wages	Tax Withheld	Wages & Tips	Tax Withheld	Wages & Tips	Tax Withheld
Edward E. McNamara	FICA	19,225.00					19,225.00	3,845.00	20,000.00	1,240.00	19,225.00	278.76
023-67-4589	Active											
Sandra Spencer	FICA	11,250.00	1,125.00			1250.00	12,375.00	2,475.00	13,625.00	844.75	13,625.00	197.56
234-78-5690	Active											
Randolph Marano	MQGA	3,055.00		156.00			3,055.00	611.00	3,055.00	189.41	3,055.00	44.30
345-89-6701	Active			Advance EIC								
Junghee Kim	FICA	13,000.00					13,000.00	2,600.00	13,000.00	806.00	13,000.00	188.50
567-01-8923	Active											
Garth V. Smith	FICA	15,000.00					15,000.00	3,000.00	15,000.00	930.00	15,000.00	217.50
701-452367	Active											
Tara L. Mason	FICA	10,000.00					10,000.00	2,000.00	10,000.00	620.00	10,000.00	145
666-90-7812	Active											
Josie Schaeffer	FICA	11,523.60					11,523.60	2,304.72	11,523.60	714.46	11,523.60	167.09
456-90-7812	Active											
Dominique D. Johnson	FICA	17,500.00				1750.00	17,500.00	3,500.00	19250.00	1193.50	19250.00	279.13
719-50-3210	Active											
First Quarter Total		100,553.60	1,125.00	156.00		3000.00	101,678.60	20,335.72	105,453.60	6,538.12	104,678.60	1,517.84

EXHIBIT 5-2

## SECOND QUARTER EMPLOYEE PAYROLL DATA WIREMASTER COMPANY PAYROLL REGISTER

			Un-		Taxable	FICA	Total	Fed. Income	Social	Security	Medic	care
Employee's Name and SSN	Employment Type/Status	Regular Wages	allocated Tips	Misc. Wages	Misc. Wages	Misc. Wages	Taxable Wages	Tax Withheld	Wages & Tips	Tax Withheld	Wages & Tips	Tax Withheld
Edward E. McNamara	FICA	19,225.00					19,225.00	3,845.00	20,000.00	1,240.00	19,225.00	278.76
023-67-4589	Active											
Sandra Spencer	FICA	11,250.00	1,125.00			1,250.00	12,375.00	2,475.00	13,625.00	844.75	13,625.00	197.56
234-78-5690	Active											
Randolph Marano	FICA	3,055.00		156.00			3,055.00	611.00	3,055.00	189.41	3,055.00	44.30
345-89-6701	Active			Advance EIC								
Junghee Kim	FICA	13,000.00					13,000.00	2,600.00	13,000.00	806.00	13,000.00	188.50
567-01-8923	Active											
Garth V. Smith	FICA	15,000.00		3,000.00	2,400.00	2,400.00	17,400.00	3,480.00	17,400.00	1,078.80	17,400.00	252.30
701-452367	Active-SK			SK PAY	*	*						
Tara L. Mason	FICA	10,000.00					10,000.00	2,000.00	10,000.00	620.00	10,000.00	145.00
666-90-7812	Active											
Josie Schaeffer	FICA	7,682.40		3,000.00	1,800.00	1,800.00	9,482.40	1,896.48	9,482.40	587.91	9,482.40	137.49
456-90-7812	Active-SK											
Dominique D. Johnson	FICA	17,500.00				1,750.00	17,500.00	3,500.00	19250.00	1,193.50	19250.00	279.13
719-50-3210	Active											
Second Quarter Total		96,712.40	1,125.00	6,156.00	4,200.00	7,200.00	102,037.40	20,407.48	105,812.40	6,560.37	105,037.40	1,523.04

<sup>\*</sup>Employer's contribution rate to the sick pay plan for Josie Schaeffer is 60 percent. Wiremasters assumed responsibility for reporting the sick pay wages.

Benefit payments Mrs. Schaeffer received for the second quarter are \$3,000.00.

Taxable portion of the sick payment: \$3,000.00 X .6 = \$1,800.00.

Wiremasters adjusted on line 9 of their 941 Form \$137.70 of employee taxes not withheld on sick pay ( $\$1,800.00 \times .0765 = \$137.70$ ).

## EXHIBIT 5-3

## THIRD QUARTER EMPLOYEE PAYROLL DATA WIREMASTER COMPANY PAYROLL REGISTER

			Un-		Taxable	FICA	Total	Fed. Income	Social	Security	Medio	care
Employee's Name and SSN	Employment Type/Status	Regular Wages	allocated Tips	Misc. Wages	Misc. Wages	Misc. Wages	Taxable Wages	Tax Withheld	Wages & Tips	Tax Withheld	Wages & Tips	Tax Withheld
Edward E. McNamara	FICA	19,225.00					19,225.00	3,845.00	20,000.00	1,240.00	19,225.00	278.76
023-67-4589	Active											
Sandra Spencer	FICA	11,250.00	1,125.00			1,250.00	12,375.00	2,475.00	13,625.00	844.75	13,625.00	197.56
234-78-5690	Active											
Randolph Marano	MQGA	3,055.00		156.00			3,055.00	611.00	3,055.00	189.41	3,055.00	44.30
345-89-6701	Active			Advance EIC								
Junghee Kim	FICA	13,000.00					13,000.00	2,600.00	13,000.00	806.00	13,000.00	188.50
567-01-8923	Active											
Garth V. Smith	FICA			9,000.00	7,200.00	7,200.00	7,200.00	1,440.00	6,000.00	372.00	6,000.00	87.00
701-452367	Active-SK			SK PAY	*	*						
Tara L. Mason	FICA											
666-90-7812	Active											
Josie Schaeffer	FICA			10,000.00	6,000.00	6,000.00	6,000.00	1,200.00	6,000.00	372.00	6,000.00	87.00
456-90-7812	ActiveSK			SK-PAY	**							
Dominique D. Johnson	FICA	17,500.00				1,750.00	17,500.00	3,500.00	19,250.00	1,193.50	19,250.00	279.13
719-50-3210	Active											
Third Quarter Total		64,030.00	1,125.00	19,156.00	13,200.00	16,200.00	78,355.00	15,671.00	80,930.00	5,017.66	80,155.00	1,162.25

<sup>\*</sup>Employer's contribution rate is 80 percent for Garth Smith. Wiremasters is responsible for paying sick pay wages.

Benefit payments to Mr. Smith for the Third Quarter are \$9,000.

Benefit payments Mrs. Schaeffer received for the Third Quarter are \$10,000.00.

Taxable portion of the sick payment:  $$10,000.00 \times .6 = $6,000.00$ .

Wiremasters Company adjusted on line 9 of their 941 Form \$459.00 of employee taxes not withheld on sick pay (\$6,000.00 X .0765 = \$459.00).

<sup>\*\*</sup>Employer's contribution rate to the sick pay plan for Josie Schaeffer is 60 percent. Wiremasters is responsible for reporting the sick pay wages.

### EXHIBIT 5-4

## FOURTH QUARTER EMPLOYEE PAYROLL DATA WIREMASTER COMPANY PAYROLL REGISTER

			Un-		Taxable	FICA	Total	Fed. Income	Social	Security	Medic	care
Employee's Name and SSN	Employment Type/Status	Regular Wages	allocated Tips	Misc. Wages	Misc. Wages	Misc. Wages	Taxable Wages	Tax Withheld	Wages & Tips	Tax Withheld	Wages & Tips	Tax Withheld
Edward E. McNamara	FICA	19,225.00		3,100.00			19,225.00	3,845.00	20,000.00	1,240.00	22,325.00	323.71
023-67-4589	Active											
Sandra Spencer	FICA	11,250.00	1,125.00			1,250.00	12,375.00	2,475.00	13,625.00	844.75	13,625.00	197.56
234-78-5690	Active											
Randolph Marano	MQGA	3,055.00		156.00			3,055.00	611.00	3,055.00	189.41	3,055.00	44.30
345-89-6701	Active			Advance EIC								
Junghee Kim	FICA	13,000.00					13,000.00	2,600.00	13,000.00	806.00	13,000.00	188.50
567-01-8923	Active											
Garth V. Smith	FICA			9,000.00	7,200.00	7,200.00	7,200.00	1,440.00	6,000.00	372.00	6,000.00	87.00
701-452367	Active-SK			SK PAY-P1								
Tara L. Mason	FICA											
666-90-7812	Active-SK											
Josie Schaeffer	FICA			10,000.00	6,000.00	4,200.00	6,000.00	1,200.00	4,200.00	260.40	4,200.00	60.90
456-90-7812	Active-SK			SK PAY-P2	*	**						
Dominique D. Johnson 719-50-3210	FICA Active	17,500.00		672.00 Life Ins. & Fringe Benefits	672.00	2,422.00	18,172.00	3,634.40	19,922.00	1,235.16	19,922.00	288.87
Fourth Quarter Total		64,030.00	1,125.00	22,928.00	13,872.00	15,072.00	79,027.00	15,805.40	79,802.00	4,947.72	82,127.00	1,190.84

SICK PAY-P1: Employer paid 80 percent of the premiums on the policy for Mr. Smith. Wiremasters also assumed responsibility for paying its FICA taxes and reporting the sick pay wages.

Wiremasters adjusted on line 9 of their 941 Form \$321.30 of employee taxes not withheld on sick pay (\$4,200.00 X .0765 = \$321.30).

<sup>\*</sup> Taxable portion of the sick payment: \$9,000.00 X .8 = \$7,200.00.

SICKPAY-P2: Employer's contribution rate to the sick pay plan for Josie Schaeffer is 60 percent. Wiremasters is responsible for reporting sick pay wages and the employer's portion of FICA.

Benefit payments Mrs. Schaeffer received for the Fourth Quarter are \$10,000.00.

<sup>\*</sup> Taxable portion of the sick payment:  $$10,000.00 \times .6 = $6,000.00$ .

<sup>\*\*</sup>FICA taxable portion of the sick payment:  $\{$10,000.00 - (last month sick payment [$3,000.00])\} X .6 = $4,200.00.$ 

EXHIBIT 6

## PAYROLL REGISTER ANNUAL SUMMARY WIREMASTER COMPANY PAYROLL REGISTER

			Un-		Taxable	FICA	Total	Fed. Income	Social	Security	Medic	care
Employee's Name and SSN	Employment Type/Status	Regular Wages	allocated Tips	Misc. Wages	Misc. Wages	Misc. Wages	Taxable Wages	Tax Withheld	Wages & Tips	Tax Withheld	Wages & Tips	Tax Withheld
Edward E. McNamara 023-67-4589	FICA Active-Deceased	76,900.00	0.00	3,100.00	0.00	0.00	76,900.00	15,380.00	80,000.00	4,960.00	80,000.00	1,160.00
Sandra Spencer 234-78-5690	FICA Active	45,000.00	4,500.00	0.00	0.00	5,000.00	49,500.00	9,900.00	54,500.00	3,379.00	54,500.00	790.25
Randolph Marano 345-89-6701	FICA Active	12,220.00	0.00	624.00 Advance EIC	0.00	0.00	12,220.00	2,444.00	12,220.00	757.64	12,220.00	177.19
Junghee Kim 567-01-8923	FICA Active	52,000.00	0.00	0.00	0.00	0.00	52,000.00	10,400.00	52,000.00	3,224.00	52,000.00	754.00
Garth V. Smith 701-452367	FICA Active-SK	30,000.00	0.00	21,000.00 SK PAY	16,800.00	16,800.00	46,800.00	9,360.00	44,400.00	2,752.80	44,400.00	643.80
Tara L. Mason 666-90-7812	FICA Active	20,000.00	0.00	0.00	0.00	0.00	20,000.00	4,000.00	20,000.00	1,240.00	20,000.00	290.00
Josie Schaeffer 456-90-7812	FICA Active-SK	19,206.00	0.00	23,000.00 SK PAY-P2	13,800.00	12,000.00	33,006.00	6,601.20	31,206.00	1,934.77	31,206.00	452.49
Dominique D. Johnson 719-50-3210	FICA Active	70,000.00	0.00	672.00 Life Ins. & Fringe Benefits	672.00	7,672.00	70,672.00	14,134.40	77,672.00	4,815.66	77,672.00	1126.24
Annual Grand Total		325,326.00	4,500.00	48,396.00	31,272.00	41,472.00	361,098.00	72,219.60	371,998.00	23,063.87	371,998.00	5,393.97

# APPENDIX A: TELEPHONE NUMBERS FOR THE SOCIAL SECURITY ADMINISTRATION'S REGIONAL EMPLOYER SERVICES LIAISON OFFICERS

## **NOTE: THESE ARE NOT TOLL-FREE NUMBERS**

Social Security personnel at these phone numbers can help with questions about how to submit **W-2s on magnetic media**. Refer to the Internal Revenue Service's (IRS) <u>Instructions for Forms W-2 and W-3</u> for information on filing **paper W-2s/W-3s**. Employers, payroll services or an "agent" filing W-2s for employers may telephone the IRS Martinsburg Computing Center call site at (304) 263-8700 with employment tax questions. Questions regarding State reporting should be directed to the appropriate State Revenue Agency.

Calls from:	Telephone:	Calls from:	Telephone:	
Alabama	(334) 223-7013 (Montgomery)	* Nebraska	(816) 936-5649	(Kansas City)
Alaska	(206) 615-2125 (Seattle)	Nevada	(510) 970-8247	(San Francisco)
American Samoa	(510) 970-8247 (San Francisco	) New Hampshire	(617) 565-2895	(Boston)
Arizona	(510) 970-8247 (San Francisco	) New Jersey	(212) 264-5643	(New York)
Arkansas	(501) 324-5130 (Little Rock)**	* New Mexico	(505) 346-6651	(Albuquerque)**
California	(510) 970-8247 (San Francisco	) New York	(212) 264-5643	(New York)
Colorado	(303) 844-2364 (Denver)	North Carolina	(919) 790-2877	Ext. 3007 (Raleigh)*
Connecticut	(617) 565-2895 (Boston)	North Dakota	(800) 314-1964	(Denver)
Delaware	(215) 597-4632 (Philadelphia)	Ohio	(312) 575-4244	(Chicago)
Dist. of Columbia	(215) 597-4632 (Philadelphia)	Oklahoma	(501) 324-5130	(Little Rock)**
Florida-North	(850) 942-8975 (Tallahassee)*	Oregon	· /	` /
		Pennsylvania		
	(305) 672-4517 (Miami Beach)	* Puerto Rico	(787) 766-5574	(San Juan)
Georgia	(770) 424-2862 Ext. 201	Rhode Island	\ /	· /
	(Marietta)*			Ext. 260 (Spartanburg)*
Guam	(510) 970-8247 (San Francisco	) South Dakota	(800) 314-1964	(Denver)
Hawaii	(510) 970-8247 (San Francisco	) Tennessee	(615) 907-9501	(Murfreesboro)*
Idaho	(206) 615-2125 (Seattle)	Texas-Central/South	(512) 916-5391	(Austin)**
Illinois	(312) 575-4244 (Chicago)	Texas Dallas/North	(817) 978-3123	(Fort Worth)**
Indiana	(312) 575-4244 (Chicago)	Texas-East	(713) 718-3015	(Houston)**
	(816) 936-5649 (Kansas City)	Texas-West	\ /	` 1 1 /
	(816) 936-5649 (Kansas City)	Utah	(800) 314-1964	(Denver)
Kentucky	(859) 294-5153 Ext. 3055	Vermont		
	(Lexington)* or (502) 244-0593	C	, ,	,
	ext. 201 (Louisville)*	Virginia	(215) 597-4632	(Philadelphia)
		Washington	` /	,
Louisiana	(504) 589-4425 (New	West Virginia		
	Orleans)**	Wisconsin	, ,	`
	(617) 565-2895 (Boston)	Wyoming	(800) 314-1964	(Denver)
Maryland	(215) 597-4632 (Philadelphia)			
	(617) 565-2895 (Boston)	* or Atlanta (404) 56		
•	(312) 575-4244 (Chicago)	**or, Denver (303) 8	44-2364	
	(312) 575-4244 (Chicago)			
	(601) 693-4859 (Meridian)*			
	(816) 936-5649 (Kansas City)			
Montana	(800) 314-1964 (Denver)			

JULY 2001

SOFTWARE SPECIFICATIONS AND EDITS FOR ANNUAL WAGE REPORTING

## APPENDIX B: IRS/SSA PUBLICATIONS

There are other IRS and SSA publications that can help employers file wage reports. Several key publications from each Agency are listed below.

## **IRS Publications**

- Employer's Tax Guide, Publication 15 (Circular E)
- Employer's Supplemental Tax Guide, Publication 15-A
- Farmer's Tax Guide, Publication 225
- Tax Guide for Small Business, Publication 334
- Federal Employment Tax Forms, Publication 393
- Reporting Back Pay and Special Wage Payments to the Social Security Administration, Publication 957
- Rules and Specifications for Private Printing of Substitute Forms W-2 and W-3, Publication 1141
- Rules and Specifications for Private Printing of Substitute Forms W-2c and W-3c, Publication 1223

Copies of these and other IRS publications can be obtained via the IRS website @ www.irs.gov, or contact the local IRS office listed in your telephone directory or call toll free 1-800-829-3676 to request this information.

## **SSA Publications**

• Employers Guide to Filing Timely and Accurate W-2 Wage Reports

For copies of this publication, please contact your regional SSA Employer Services Liaison Officer listed in Appendix A.

 Software Specifications and Edits for Correcting Annual Wage Reports, Publication No. 31-031

You can obtain copies of this SSA publication by:

Internet subscribers can read and print this publication directly from the Employer Information section of SSA Online @ www.ssa.gov.

Forward written requests to: Social Security Administration

Office of Financial Policy and Operations

ATTN: AWR Software Standards

P.O. Box 17195

Baltimore, MD 21297-1195

## APPENDIX C:CHART TO RELATE PAPER W -2/W -3 ENTRIES TO M AGNETIC M EDIA REPORTING AND ELECTRONIC FILING DATA FIELDS

PAPER W -2 BOX 11	M AGNETIC M EDIA OR ELECTRONIC
	<u>FILING</u>
Nonqualified Plans Section 457	Code RW record, Location 353–363
Not Section 457	Code RW record, location 375–385
PAPER W -2 BOX 12	
A Uncollected Social Security Tax on Tips	
B Uncollected Medicare Tax on Tips:	
Combine code A and B amounts and enter combined total.	Code RO record, location 23-33
C EmployerCostofPremiumsfor group-term lifeinsuranceover \$50,000	Code RW record, location 408-418
D Section 401 (k.) contributions	Code RW record, location 287–297
E Section 403 (b) contributions	Code RW record, location 298–308
F Section 408 (k)(6) contributions	Code RW record, location 309-319
G Section 457 (b) contributions	Code RW record, location 320-330
H Section501(c)(18)(D) contributions:	Code RW record, location 331-341
J Sick Pay not includable as income.	Not required by IRS for Magnetic media or electronic reporting.
K Tax on excess golden parachute paym ents.	Not required by IRS for Magnetic media or electronic reporting.

DA DED II. 0 DO II. 10 (	M A GNIFETO M ED TA OD EL EGEDONTO
PAPER W -2 BO X 12 (cont.)	MAGNETIC MEDIA OR ELECTRONIC
	<u>FIL ING</u>
I Non tarroble part of an player	Not required by TDC for Mornotic modic or
L Non-taxable part of employee business expense reim bursem ents.	Not required by IRS for Magnetic media or electronic reporting.
busiless expense rem bursaments.	electronic reporting.
M Uncollected social security tax on	Notrequired by IRS for Magnetic media or
cost of group-term life insurance.	electronic reporting.
COSCOL GLOUP-LEIM THE ILISATATICE.	ecuonic reporting.
N Uncollected M edicare tax on cost of	Notrequired by IRS for Magnetic media or
group-term life insurance.	electronic reporting.
group tenn me manance.	cacuona reportary.
P Excludable moving expense	Notrequired by IRS for Magnetic media or
reim bursem ents	electronic reporting.
	Caroania Iquiang.
Q M ilitary em ployee's basic quarters,	Code RW record, location 342-352
subsistence and combat pay.	, , , , , , , , , , , , , , , , , , , ,
R M edical Savings A coount	Code RO record, location 34-44
	,
S Simple Retirement Account	Code RO record, location 45-55
_	
T Qualified Adoption Expenses	Code RO record, location 56-66
V Income from the exercise of	Code RW record, location 419-429
nonstatutory stock options.	
PAPER W -2 BOX 13	
Statutory Employee	Code RW record, location 486.
Retirem ent Plan	Code RW record, location 488
Third-Party Sick Pay	Code RW record, location 489

PAPER W -2 BOX 14	MAGNETIC MEDIA OR ELECTRONIC
	<u>FIL IN G</u>
Retirem ent Plan Contributions Not Reported In Box 12	Not required by IRS for Magnetic media or electronic reporting.
A 110 ther Information	Not required by IRS for Magnetic media or electronic reporting.
PAPER W -3 BOX 13	electronic reporting.
Income Tax Withheld By Payer of Third-Party Sick Pay.	Code RT record, location 325-339

See IRS Publication No. 15A